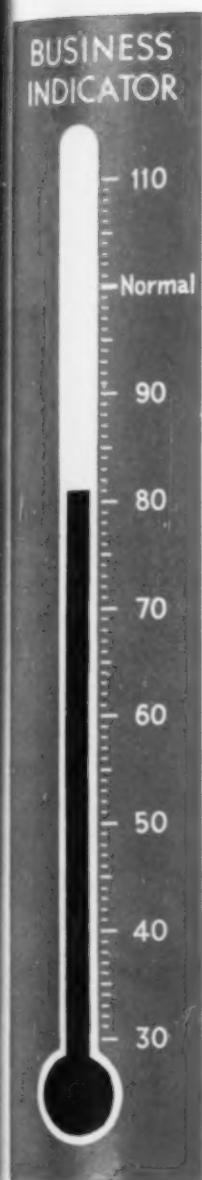


MARCH 25, 1931

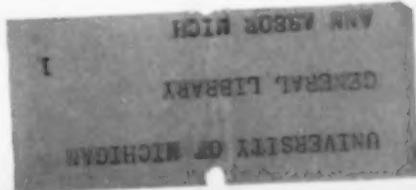
# THE BUSINESS WEEK



The Ides of March have come and gone without furnishing any further unfavorable omens from the economic oracles or throwing any new light on the outlook either . . . . Slow but steady seasonal improvement continues undisturbed by new developments. Steel production, supported by diverse short-range demand, is rising to its spring peak at somewhat more than its usual seasonal rate; and building is beginning to reflect the strong stimulus of public works contracts . . . . Check payments show the effects of abnormally high government financial turnover . . . . Other indicators continue monotonously horizontal, and domestic textile activity is apparently tapering off a bit . . . . Our index has risen again, above the level of recent weeks, to 81.1% of normal, where it was early in the year . . . . Commodity price movements are encouragingly indefinite, as in March last year, but the spectacular strengthening of silver and an advance in steel are possibly significant . . . . The bond market continues a conservative, exclusive affair, but steady bank buying of non-government bonds is bullish, though as yet insufficient to offset continued unseasonal contraction of commercial credit . . . . As in recent weeks, the improved tone of foreign feeling remains the most favorable forecasting factor.

15 CENTS

McGRAW-HILL PUBLISHING CO., INC.



# Uncover those tell-tale handling figures

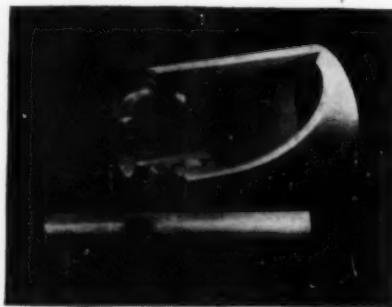


*Electric ranges are heat tested as they move over a pallet section of the Mathews Conveyer System in the Edison G. E. Plant*

IT'S ten to one you will never know what your handling costs totalled last year—whether or not your plant was one of the thousands in which the cost of *inside* handling practically equalled the entire cost of moving finished products from shipping platform to their markets. The figures are in the books, no doubt, but so hidden that the world's best statistician could never sift them out. This month, this year, however,

*Only Mathews has the Gearlock Cone and Axle*—In ordinary roller conveyer, used as gravity carrier or as the bed for belt sections, movement between the bearing cone and the axle often occurs when shock and weight have loosened the connection. This lost efficiency is impossible in Mathews Roller Conveyer because of the patented

can be made to tell a different story. Tabulate handling costs in their own column. Study them just as you would a plant production record. It's twenty to one you will recognize the need of improved methods—of a modern conveyer system engineered to bring about more speedy, economical handling. That system, if you would have maximum conveying efficiency, at minimum cost, should be a Mathews Conveyer System.



gearlock cone and axle which firmly unite these two parts, yet permit easy detachability. This modern feature is clearly pictured in the cutaway illustration of Mathews Type 52A Bearing shown at the left. The axle is knurled, the inside of the cone accurately broached, thus providing a very simple, yet most positive lock.

## MATHEWS CONVEYER SYSTEMS

Mathews Conveyer Company, 160 Tenth Street, Eliwood City, Pa. . . . Birmingham . . . Boston . . . Buffalo . . . Charlotte . . . Chicago . . . Cleveland . . . Dallas . . . Denver . . . Detroit . . . Los Angeles . . . Milwaukee . . . Minneapolis . . . New Orleans . . . New York . . . Philadelphia . . . Pittsburgh . . . St. Louis . . . San Francisco . . . Seattle . . . Mathews Conveyer Company, Limited, Port Hope, Ontario

# What's In This Issue —And Why

## First Quarter

NEARER their own goal posts, business teams stiffen their lines, hope to score better earnings in the later periods. Some kick field goals in spite of the wind. *(page 5)*

## Building

RESIDENTIAL construction and public works step up building totals, but high mortgage rates and old-time methods are the rust in the bearings. *(page 6)*

## Wish Thinking

STEEL makers try to push prices above the profit-line; over-capacity makes it hard. *(page 11)*

## Steam Up

APRIL 1 is zero hour; Eastern rail chiefs will then present their merger agreements to the I. C. C. Meanwhile, they continue to "consolidate their position." *(page 10)*

## Track Fast

His production accelerated, Ford again takes the lead, with Chevrolet still first in sales. The excitement is contagious; automotive optimism mounts. *(page 7)*

## Matters of Policy

WITH the sales-tide still ebbing, life insurance companies keep a sharp lookout for suicides, take a reef in policy loans. *(page 9)*

## Better Deals

HARD times make better mergers, says the chairman of General American Tank Car, this depression's merger-in-chief. *(page 18)*

## All-American Smokes

FRENCH cigarette paper, heretofore a monopoly, has a competitor now, developed by American condenser tissue makers. *(page 22)*

## Russian Trade

*The Business Week's* European field staff summarizes present trade relations with the Soviets. *(page 32)*

## Loomless Carpets

THE textile people view with mild alarm the strange, new, moulded carpet with a plastic back, but see in it a symbol of the uncertainty ahead. *(page 33)*

## Economic Economy

WITH national revenues falling, Canada puts a cash register on the pork barrel, tightens the tariff belt. *(page 34)*

## Littlest Theaters

TALKIES for the home look good to the radio makers; they get ready to cash in. *(page 36)*

## Scrap Iron

DEALERS evolve a Five-Year Plan to combat direct buying, stabilize the industry. *(page 37)*

## Farm Board

CHAIRMAN Stone wants the public to look the other way while the board performs the great stabilization trick, but that's the big act of the show. *(page 39)*

## Consent Decree

STRIPPING the thread of price agreements that held the nut and bolt industry together, the government's latest consent decree sounds a warning to all industry. *(page 40)*

## Leaders Wanted

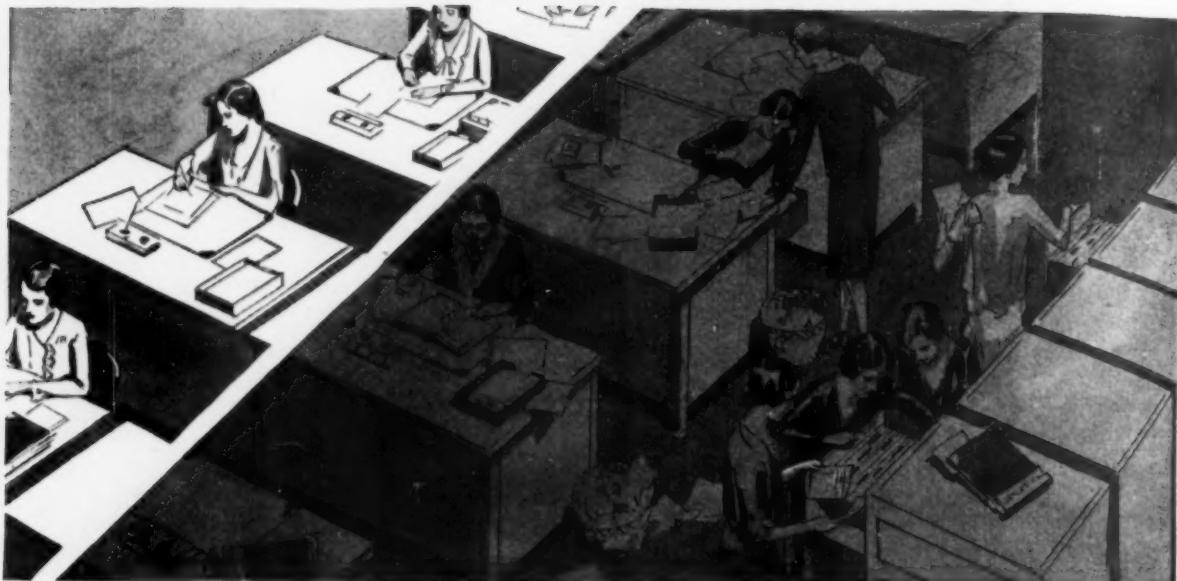
No program came out of the Progressive Conference in Washington, but it served notice that business is threatened with trouble unless it can develop leadership of its own. *(page 44)*

## Oil Curtailment

SECRETARY WILBUR takes a first hesitant step in an informal agreement to limit imports. *(page 46)*

# OFFICE ROUTINE FALTERS

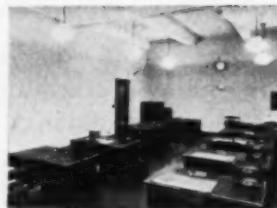
## IN THE *Twilight Zone* \*



It's the unexpected errors that upset your system. An invoice misfiled, a letter retyped, time wasted in hunting a bookkeeping mistake—occurrences like these can throw the most carefully organized routine out of gear. Too often these stumbling blocks to efficiency are laid to carelessness, indifference or incompetence when *Twilight Zone*\* lighting is to blame.

That's the difficulty with inadequate lighting . . . you blame every cause but the right one. Light enough to work by is one thing . . . light enough for *efficient work* is something else.

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*. . . around the corner from your hotel.*

have to guess. Lighting Specialists of the local light and power company or of the Westinghouse organization can analyze office requirements on a scientific basis. They know how much light is needed for efficient office work, and what kind of lighting equipment will give it, without glare or shadow.

### *Out of the Twilight Zone*

For anyone interested in effective lighting, an instructive book, "Banishing *Twilight Zone* from Modern Buildings", is available. Write the Westinghouse Lamp Company, Department 203, 150 Broadway, New York, N. Y.

\*The deceptive half-light between obvious darkness and adequate illumination.

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# Westinghouse



# THE BUSINESS WEEK

*The Journal of Business News and Interpretation*

News of the week ending March 21, 1931

## Business Looks Healthier Than First-Quarter Earnings Do

### Expected Profit Showing Will Not Reflect Step-Up In Efficiency That Has Taken Place in Recent Months

ANOTHER quarter of poor business earnings is drawing to a close. With activity lagging along at an average of 15% below the first quarter of 1930, the business and financial community has been forced to forego until next quarter, at least, the hope that an upturn will somewhat relieve the lack of profits.

Corporation statements will begin to appear shortly after April 1, and the bad news now generally anticipated will be out. The question now is "How bad is it?"

#### Utilities Little Changed

Best evidence now at hand points to an aggregate drop of profits at least 18% to 25% below the first quarter of 1930, with some less hopeful estimates as high as 30%. Industrial companies will record the worst losses. Railroad net operating income appears likely to be 15% to 20% below a year ago, public utility returns little changed.

Comparisons with the preceding quarter are impossible, since adjustments are made during that period. But many concerns report a slightly larger profit for this 3-month period than for the last, though there is not enough evidence to indicate a turn in the tide.

The 1931 drop in first quarter earnings brings the current level of profits about 45% below that for the first quarter of 1929, probably the most lucrative in business history; and about as far below the first quarter of 1928 as of 1930. It follows a full year of business earnings averaging 31% below the showing for the preceding year.

The consequences of a subnormal earnings period of such long duration are inevitably severe. Some already have been experienced and more are almost certain to get in the way of anything like an immediate rapid upturn.

Generally speaking, marginal workers were the first to suffer from lower busi-

ness profits, and unemployment became a problem. Then the knife fell on many not so marginal, and on wages. Finally dividends began to go. Meantime, operating and personnel efficiency were increased.

The present situation of many companies demands some further action. Deficits are numerous. In a large number of additional cases, fixed charges are not being met, or barely so. In these cases, unless there is an early and decided turn for the better, further dividend or wage cuts or layoffs appear inevitable. Several dividend meetings already have been postponed a few months in the hope of staving off unfavorable action. Dividend reductions or omissions thus far, this year already far outnumber increases or resumptions, while wage cuts still are numerous.

All this is clearly reflected in the

securities markets, with railroad securities and an assorted list of industrials reacting in the face of apparently inevitable unfavorable action. Even the bond market is disturbed in several cases where declining earnings threaten to remove securities from the legal lists.

On the opposite side of the picture is the fact that next month's first-quarter statements are likely to reveal a surprisingly large number of better-than-expected results. No depression ever has been complete; witness *The Business Week's* list of 161 companies which made more money in 1930 than in 1929.

Inventory adjustments and securities markdowns were taken in 1930, will not burden this quarter's reports. Waste has been eliminated on a larger scale than for many years. Lower commodity prices have been taken advantage of by many manufacturers. Efficiency has been increased markedly.

### \$5-Billion Program Makes Building Outlook Bright

THE building industries expect to find 1931 as favorable as 1930, possibly more so. There is, indeed, a surplus of industrial and commercial

Axton Fisher	General Motors	North American Co.
Bangor Hydro Electric	Acceptance	North American Light
Bickfords	Hale Bros. Stores	& Power
Borden	Homestake Mining	North American Oil
Bourjois Co.	Illinois Northern	Novadel Agene Corp.
Canadian Celanese	Utilities	Parker Rust Proof
Canadian Locomotive Co.	Industrial Rayon	Penn. Central Light &
Central Ill. Pub. Service	International Business	Power
Chesapeake Corp.	Machines	Pet Milk
Claude Neon	Kansas City Power	Philadelphia Electric
Connecticut Electric	& Light	Ponce Electric
Service	Key West Electric	Standard Cap & Seal
Consolidated Gas	McWilliams Dredging	Standard Gas & Electric
of N. Y.	Memphis Natural Gas	Superior Oil
Consolidated Ice,	Middle West Utilities	Virginia Electric &
Pittsburgh	Midland United	Power
Derby Oil & Refining	Miller Wholesale Drug	Warren Bros. Co.
Drug Inc.	National Dairy Products	Western Auto Supply
Electric Bond & Share	National Oil Products	Wisconsin Power &
El Paso Electric	Neptune Meter	Light
Foster Wheeler Corp.	North American	Young, J. S.
General Gas & Electric	Aviation	

#### THEY, TOO, DID WELL IN A BAD YEAR

These 53 companies, like those reporting earlier (*The Business Week*, Feb. 25), represent varied industries and sections of the country

buildings, but there are also prospects of an increase in residential and public works construction big enough to bring the 1931 total not far from \$5 billions.

F. W. Dodge estimates of contracts awarded in 37 states east of the Rockies show a \$1-billion drop from 1928 to 1929 and, again, from 1929 to 1930 when the total stood at \$4.5 billions, 32% below 1928. During this 2-year period, residential building fell off 60% in volume and value; non-residential dropped 31% in volume, 21% in value; public works and utilities increased 29% in volume, 8% in value.

### **The Favorable Factors**

Favorable factors: over a year of low interest rates which usually forecast increased building; a 10% to 20% decline in construction costs; huge federal and state construction programs; increasing flow of population from rural to urban centers; normal replacement work, estimated at about \$1.5 billions annually, forced by obsolescence and fire.

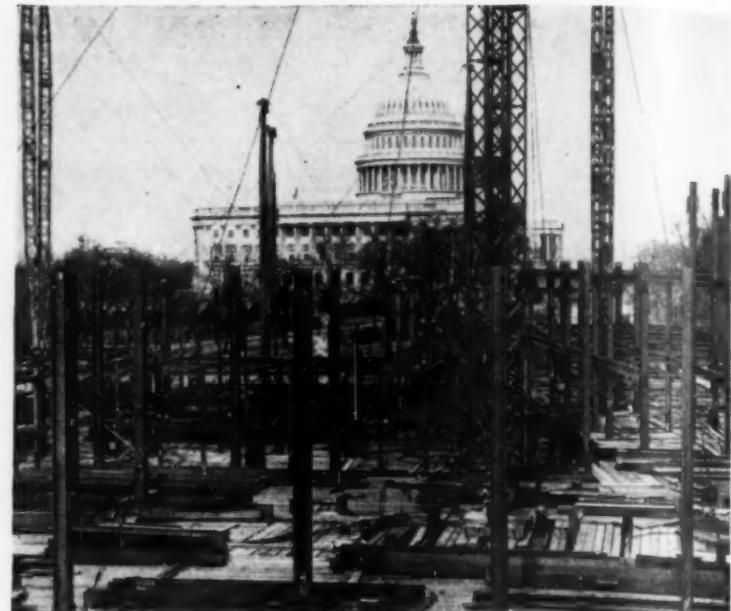
Unfavorable factors: surplus of commercial and industrial buildings; failure of builders to supply small houses at a reasonable price; difficulty of financing residential purchases; anticipated decline in public utility construction programs in view of their expanded 1930 activities in compliance with the President's request.

### **Normal Volume Forecast**

The *National Real Estate Journal* recently addressed a large number of building material manufacturers regarding the 1931 building outlook and reported: total 1931 volume will be \$5 billions, about the same as the last 10-year average; residential building will show greatest increase (normal demand of 300,000 to 500,000 homes annually has been augmented by sharp drop in construction during past 2 years); more building plans have been announced and undertaken so far this year than in several years previous; with ample funds available, mortgage rates are expected to become more reasonable in the spring.

The last residential boom peaked in the middle of 1928; since then new construction has not kept up with demand so that, according to many observers, there is a real need for homes which can be purchased by the average wage earner.

When prime first mortgages on small houses can be obtained at rates well below the present 7% to 11% average



*Underwood & Underwood*

### **WASHINGTON BUILDS**

*The dome of the Capitol rises behind the steel of the new House office building. This part of the government plan will cost \$5,270,000*

and when second mortgages are not loaded with fees and surcharges which bring their total cost up to 15% and 20%, the building industry expects to see a greatly increased interest in home purchasing from prospects hitherto held off by the high cost and difficulty of small home financing.

The recently developed home-builders and subdividers section of the National Association of Real Estate Boards is interesting itself in this problem, hopes to find a suitable solution after studying the economics of the industry as a whole.

### **4 Tariff Rates Raised While 8 Are Lowered**

TARIFF changes approved by President Hoover and effective April 15, including 4 increases and 8 decreases, are announced by the Tariff Commission.

**Increases:** Woven wire fencing, fourdrinier wires, cylinder wires above 55 mesh, wire cloth above 55 mesh.

**Decreases:** Wood flour, pigskin leather, straw hats, maple sugar, wool-felt hat bodies, finished wool-felt hats, edible gelatine under 40¢ a pound.

**No change:** Ultramarine blue, wool floor coverings, cylinder wires 55 mesh and under, edible gelatine 40¢ and up, smokers' articles (brierwood pipes; pipes other than clay; cigar and cigarette holders and mouthpieces).

### **Brazilian Ban Hits Only Factory Machinery**

AMERICAN machinery worth more than \$5 millions has been shipped down to Rio regularly for the last 4 years, and American exporters were not a little upset when Brazil's new decree was published March 12, forbidding at once "importation into Brazil for 3 years of industrial machinery except on special license obtained from the government."

Hurried cablegrams between Washington and Rio de Janeiro brought an interpretation of "industrial machinery." It is confined to factory equipment, hits particularly hard textile machinery, 80% of which is imported from Great Britain; in no way affects importation of road-building equipment, construction and mining machinery, and agricultural implements. Cables Rio: "It is intended to halt the establishment and expansion of uneconomic industries."

Exports of machinery to Brazil totaled \$6,363,000 in 1929. The 1930 total has not yet been compiled. Brazil ranks fourth in the Latin American market for American machinery and eleventh in the world market. Germany and Great Britain, with the United States, are most heavily hit by the move. Americans are relieved that construction and mining machinery are not included, for they stand a good chance to supply a large quantity of the machinery to be used in highway construction.

# Whole Industry Takes Cheer From Ford-Chevrolet Spurt

## Automobile Men Believe Second and Third Quarters Will Show Sharp Gains in Output

AFTER 3 months of jockeying for position, announcement of Ford's February production at 85,000 units compared with 67,000 for Chevrolet convinces the industry that the Dearborn philosopher is once more on top.

In December, for the first time since his Model A has been in full production, Ford slipped to second place in new car sales; his production for the month was also under Chevrolet's. In January again Ford sales of 36,000 and output of 55,000 compared with Chevrolet sales of 40,000 and production of 71,000.

### This Means Sales

Under accepted practice, production figures mean actual sales to dealers. There is a lag, up to a month or more, between sales to dealers and registration by new car buyers, from which retail sales statistics are compiled. February registrations from 15 states show Chevrolet still leading, 8,900 to 8,200.

Ford's unusually high February production boosted output to the unexpected total of 230,000. The industry has become optimistic; sees current retail demands in excess of supply; looks for 300,000 output in March and 400,000—equal to some of the best months of the past—in April. Despite these high estimates, first quarter production will be well under the million produced during the same period last year. To equal 1930—as many think will be done—second and third quarters must bring huge gains in output. May or June is now considered to be the year's best month; some even postpone the peak to July.

As forecast (*The Business Week*, Feb. 18) Ford has started changing over his bodies to conform to the successful Victoria model. The town sedan is the first model to be given a sloping, windshield, composite radiator shell, longer and wider body, inside visor, adjustable front seat, and other

features which have made the original Victoria so popular. The entire line is expected to be changed over as soon as alterations can be made.

Auburn continues to hold the spotlight as one of the year's leaders. There is talk of a 16-cylinder front drive Cord which may materialize this year. Marmon is seeking strength in diversification, has formed a subsidiary—Marmon-Herrington Co., to make multiple-drive commercial cars. F. E. Moskovics, formerly head of Stutz, is associated with Marmon's president, G. M. Williams, in this venture. Meanwhile the long awaited Marmon 16 is getting into production.

## Ford Picks Amsterdam As Netherlands Base

EUROPEAN NEWS BUREAU (Radio)—Keen is the rivalry between Holland's 2 great ports—Rotterdam and Amsterdam. With Dordrecht, Rotterdam has bid for the Rhine trade, has built great grain elevators, coaling facilities, attracted industries. Amsterdam, located on the Zuyder Zee, is a seaport to ocean vessels by virtue of its North Sea Canal, 54 years old, enlarged only last year to accommodate vessels up to 60,000 tons (*The Business Week*, June 4, 1930).

Last week, Ford agents moved from smoky, industrial Rotterdam to dignified but thriving Amsterdam, bought 38 acres along the harbor, announced their intention to make Amsterdam their base in the Netherlands. Rotterdam officials had procrastinated too long in carrying out concessions promised with the Ford site purchase. Amsterdam, alert, found a first class site, offered it at \$320,000, agreed to spend an equal amount on harbor improvements, railway spur.

Details are withheld. Building is to commence at once, the plant to be in operation before the end of the year. Automobile men expect it to be purely an assembly plant, note it utilizes water transport facilities (recent Ford theory), have remarked that Amsterdam is also connected with the Rhine by canal.



BERLIN'S "SAFETY STREET"

Following the American example, the German Automobile Club provides free testing of brakes, lights and wheels in a street set aside for the purpose. Here, appropriately, apparatus and automobile are American

## Form New Firm to Dodge Canadian Motor Tariff

FIRST definite reaction to new Canadian automobile tariffs (*The Business Week*, March 4) is announcement that Nash Motors Co., Kenosha, Wis., and Durant Motors of Canada will form a new com-

pany—Dominion Motors, Ltd.—to produce Nash cars in Canada and another car to supply Canadian Durant dealers.

For some time Durant Motors of Canada has been free from control of the American concern (*The Business Week*, Dec. 24); now its president, Roy Kerby, joins hands with C. W. Nash to make a bid for a large slice of Dominion motor sales.

Since enactment of the new tariffs several other American companies without manufacturing facilities across the northern border have been negotiating with the Durant organization; Hudson has been most actively mentioned in this connection. Action by Nash is viewed in the industry as having 2 definite meanings: that the new tariff is effective in hindering imports of complete cars into Canada; that, despite opposition from many quarters, the duties are unlikely to be lessened soon.

### Are Foreign Branches "American Business"?

ARE the State and Commerce Departments obligated to extend their services to the branch manufacturing plants of American firms in foreign countries, which use foreign labor and materials?

And what service should these 2 departments render the American branches of foreign firms which use American labor and materials?

These questions pester government officials for decision and a definition of major policy.

Washington views with misgiving the increasing disposition of American industrialists to move the base of their export operations to foreign countries, and is inclined to regard their foreign units as expatriated, especially in face of the difficulty of justifying any other policy to American labor, perhaps to firms that continue to export through branch sales organizations or foreign sales agencies.

It points out that the Commerce Department was set up to promote the foreign and domestic commerce of the United States and is upset by the call to place this world-wide sales-promotion service behind goods alien in all but name. It finds that the State Department, which exercises its good offices in many unadvertised ways in behalf of business, is similarly embarrassed.

But officials who would rule out services to foreign manufacturing branches set up to obtain cheaper raw materials, lower labor costs, and other anticipated advantages, including free-

dom from reprisal tariffs against goods made in the United States, admit that they cannot lay down a general rule that would cut off such branch plants as that which the Eastman Kodak Co. established in Singapore because the Straits climate makes fresh films an absolute necessity for that market.

They are more certain about the status of the foreign-owned plant in this country. These same officials who regard the American branch abroad as an expatriate feel that the stranger within our gates, using American materials and labor, is part of the bone and sinew of American industry.

## Automobile Insurance Goes Into the Mail Order Catalogue

**ALERT** to a new sales and service opportunity, Sears, Roebuck & Co. has formed the Allstate Insurance Corp.—paid-in capital and surplus, \$700,000—to sell by mail fire, theft, property damage, liability and collision insurance on passenger automobiles. No trucks or other commercial vehicles will be insured by the company, nor will it issue blanket policies on fleets. Later on, general accident and burglary insurance may be added to the service.

Investigation showed that in the small towns and rural sections in which the company now finds the bulk of its 12 million mail order customers, only 1 in 5 cars carries insurance. Because prospects are scattered over large areas, require much follow-up work, promise little in commissions, agents have cultivated this field but lightly.

While Allstate is set up like the so-called "old-line" insurance companies, it plans to hold premiums substantially below established rates. Adjustments of claims will be made locally as far as possible. Sears, Roebuck stores

will neither sell policies nor solicit insurance business.

Col. G. E. Humphrey, quiet but forceful assistant to President Wood, in charge of factories and factory investments, is president of Allstate Insurance Corp. Before he joined Sears, Roebuck in 1928, he managed the federal barge lines on the Mississippi.

Many of the mutual insurance companies have used the mail to sell policies to selected risks, companies with high credit ratings, or individuals owning high-priced new automobiles, but Sears, Roebuck & Co., going to its mail order customers, is tapping a practically untouched field for that type of selling.

### General Motors Dealers Get Group Insurance

GENERAL MOTORS CORP. becomes the first half-billion policy holder in the history of life insurance with the extension of its group life plan to include its 19,000 dealers and their employees.



BEATING THE WIND

Dr. Oscar G. Tietjens, Westinghouse research engineer, shows how inter-urban cars can be redesigned to cut down wind resistance two-thirds. Smooth stream lines would speed up schedules, save power. On the left is the redesigned car

the status  
this coun-  
regard the  
expatriate  
our gates,  
labor, is  
American



*Underwood & Underwood*

#### RAIN MACHINE

*Umbrella makers, already impoverished by the drought, the raincoat, and the dollar umbrella (The Business Week, March 11,) will probably get into apple-selling when they see this slot machine exhibited at the Leipzig Fair. Half a dollar releases an emergency umbrella*

This will bring in 150,000 individuals in addition to the 160,000 employees of the corporation already covered.

General Motors Corp. employees already have \$347 millions of life insurance in force and the new policies will increase the total to well above the \$500-million mark. The policies are written by the Metropolitan Life Insurance Co.

Insurance will be issued without medical examination, as is usually the case, and will include total and permanent disability clauses. Since 1926, when the corporation adopted group insurance, over \$7 millions have been paid to beneficiaries of 4,380 General Motors employees. At the beginning of the year 99.6% of all G. M. employees eligible were insured under the plan.

## Continued Rise in Policy Loans Worries Insurance Companies

### Sales, Too, Have Been Recently Falling Behind And "Suicide Clauses" Have Made Trouble

LIFE insurance executives are pondering over two particularly tough problems that the business depression has laid on their desks. One concerns policy loans and is complicated by its repercussions on the security markets, consumer financing, purchasing power, and future business stability. The other arises from the "suicide clause."

They expected hard times to bring an increase in policy loans and were not surprised by the rapid rise in loan applications that followed the stock mar-

ket crash in 1929. Like other forms of reserves, such as savings bank deposits, life insurance policies were drawn upon to cushion the economic drop and they undoubtedly helped to save many from hardship, to keep some business out of depths to which it might otherwise have descended.

But since late 1930 the paths of the insurance companies and savings banks have parted. Savings deposits began a rapid rise which still continues, though at a decelerated rate. This rise reflects,

in part, the renewed efforts of depositors to save under the stimulus of hard times.

But insurance company loans on policies have continued to increase—by \$475 millions between June, 1929, and Nov., 1930, and without abatement since. At the same time, sales of new insurance, which held up well during the early months of the depression, have dropped off badly, with prospects hesitant to enter into contractual relations providing for future payments. Thus 1930 sales were ahead of the 1929 showing through April, 3% behind it in May and June, averaged 10% behind for the balance of the year. January, 1931, sales were 16% below those of January, 1930, and February sales, announced this week, were 18% behind.

Falling sales and mounting policy loans have left the insurance companies less influential in the investment markets. Between 10% and 13% of their \$18 to \$19 billions assets is now represented by notes of policyholders—a percentage that can be taken as a rough measure of how much has been withdrawn from the reserves against life insurance outstanding (\$110 billions).

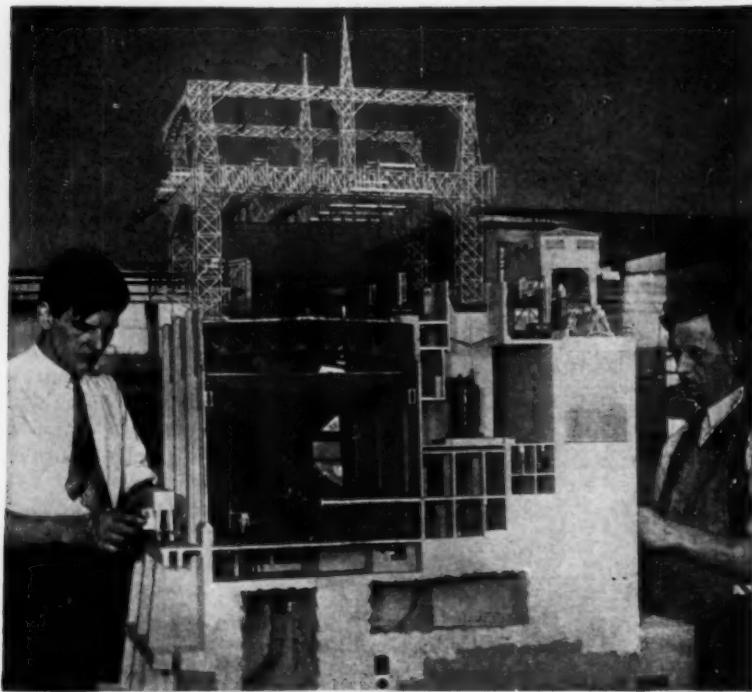
This widespread mortgaging of insurance is arousing some concern for the future and, since the insurance companies have learned from experience that a policy loan is a potential cancellation, they are devoting considerable energy to encouraging repayment of such loans, to impressing policyholders with the advisability of borrowing on policies only as a last resort and of repaying as quickly as possible.

As a result of the depression increase in the suicide rate among heavily insured persons, many companies whose policies relieve them of liability (except for premiums paid) in case of suicide within 1 year after the policy is issued, will raise the liability period to 2 years—the limit fixed by law in most states. They feel that the present arrangement offers a definite incentive to suicide.

### Detroit Banks Organize To Aid Municipalities

A GROUP of Detroit banks, trust companies, and investment bankers have formed the Municipal Advisory Council of Michigan to aid municipalities in creating budgets, levying and collecting taxes, and handling other problems of a financial nature.

Resembling the Municipal Securities Association in Florida, the council was born partially from the need of financial



Wide World

#### CONOWINGO CUT-AWAY

*This slice of the great hydro-electric development shows every detail to scale. It was presented to the Smithsonian Institution by the Philadelphia Electric Co. Conowingo, on the Susquehanna River, is second only to Niagara in capacity*

houses to protect their interests in municipal bonds. Many small Michigan cities are close to bankruptcy and their securities have depreciated in value alarmingly. It is the council's purpose to aid these cities by lending money when it can be done on a conservative basis, restore their credit. The first job tackled was Royal Oak, 20,000 population, adjoining Detroit. The council is supported by 2-year pledges from Detroit institutions, including members of the Guardian Union and First Detroit Bankers groups.

## Nut and Bolt Decree Draws A Chalk Line for Stabilization

### Sets Limits on Cooperative Practices That Some Think Courts Might Not Have Supported

THE consent decree to dissolve, under the anti-trust laws, the Bolt, Nut and Rivet Manufacturers' Association entered March 17 by Federal Judge Coleman, ends a successful attempt to bring economic order out of a chaotic industry. Unfortunately, in accomplishing this desirable end, the association stepped on the anti-trust laws. It and its members are now permanently enjoined by 21 stipulations from doing most of the things which made the organization successful.

The association, its members, or a new organization (permitted by the decree) are enjoined from agreeing: (1) to fix any part of the ultimate price of their products or to maintain uniform price lists; (2) to use common basing points as a basis for freight charges or to make any such charges at substantial variance with actual costs; (3) to refuse to do business with any customers; (4) to use a list of preferential customers; or (5) to practice price discrimination.

A chief difficulty of the industry has been the ease with which an ambitious entrepreneur could enter it; he needed only a screw machine and a few feet of rod stock. Ten years ago so many had grasped this apparent opportunity that purchasing agents complained that bolt salesmen were more numerous and a bigger nuisance than life insurance solicitors. With the increased use of rolled threads to replace more expensive cut threads, competitive conditions became so bad that in 1925, when the association started its present plan, the \$75 million industry lost about \$3 millions.

### Forbidden Remedies

Prices were stabilized by use of a base price, standard discounts and freight allowances—all banned by the decree. Market surveys were undertaken and members were urged and aided to fit their schedules to these requirements. A major portion of the business is done through jobbers; a long-time conflict over handling of big buyers, who want maximum discounts, was solved by formation of a list naming concerns who could buy direct at jobbers' discounts. Much of this business has been done on annual contract whereby the purchaser received substantial discounts.

Comment on the decree emphasizes the fact that by the consent agreement the industry accepted inhibitions which might be insupportable in court and thus has added to the difficulties of other industries that now may be persuaded to drop legal practices on the basis of this precedent.

Some observers see in this case a typical example of how the federal attitude has changed during recent years. In its early days the Federal Trade Commission, anxious to help industry, agreed to practices which were legal only by liberal interpretation of the law, but which would aid the industry and were not obviously detrimental to the public. Given an inch of liberty, too many industries have grasped an ell of license and have continued into practices quite illegal and just as obviously against the public weal. Apparently, the government now believes that the only safe way to protect the public is to require strict compliance with the law.

According to census reports, the bolt, nut and rivet industry has 120 manufacturing-units, employs 14,000 workers, produces \$75 millions worth of goods annually, of which about \$3 millions is exported. The association has about 50 members; 95% of the total business.

# Mark-up of Steel Prices Seems Just a Wistful Gesture

## Great Over-capacity Crushes the Market; Some Leaders Talk of Wage Cuts

THE steel industry is worried about prices. Except in a few products, manufacturers cannot make anything that approaches a reasonable return on their investment.

An attempt is being made to raise bars, shapes, and plates to a minimum of 1.65¢, Pittsburgh, the nominal asking price during the first quarter. Certain wire goods likewise have been boosted \$2 a ton by U. S. Steel. Hot-rolled strip steel is up \$1, and cold-rolled strip \$2 a ton.

There is a feeling in the industry, however, that these are only gestures, indicating what the steel mills would like to get, knowing full well there is little chance just now of success.

Perhaps the biggest factor holding down prices is the industry's overcapacity in many products. The sheet steel people, who are probably suffering more than others, see little encouragement ahead. Having doubled capacities in 5 years, through the continuous process, they face further tonnage increase in the near future. Otis Steel is building a continuous mill; Inland Steel has let a contract for one.

### Wages Almost Doubled

George H. Charls, president of National Association of Flat Rolled Steel Manufacturers, says, "The efficiency attained by the steel plants since 1914 is remarkable, when it is seen that the 1913 level of prices has been reached, notwithstanding that labor is 149% higher than it was in that year and freight rates have increased 90%. In 1921 wages were at the straight rate of 30¢ an hour paid by U. S. Steel and some independents; others had reduced wages as low as 25¢ an hour. Today wages average 40¢ to 44¢ an hour, or 40% to 45% greater than they were in 1921 and 149% greater than in 1914." Mr. Charls remarked that automobile body sheets were sold at \$87 a ton at the lowest ebb of the 1921 depression; today they are quoted at \$66.

One purpose of Mr. Charls was to point out the burdensome task of the steel industry in maintaining present hourly wage rates in the face of high costs and low selling prices. There has

been much talk about steel companies' being forced to reduce wages. Thus far only one or two have done it.

Meanwhile the larger companies are consolidating their positions, diversifying their interests, keeping their processes up-to-date. Scarcely having absorbed McClinton-Marshall Co., largest independent steel fabricator, Bethlehem is looking toward acquisition of three New York City fabricators. Levering & Garrigues Co., Hay Foundry & Iron Works, and Heden Iron Construction Co. are mentioned. Bethlehem now has 900,000 tons of fabricating capacity, will be well over the million mark if it completes the purchase of these 3 New York companies.

### Mellon with Bethlehem

The Mellon interests are now closely allied with Bethlehem. They owned a controlling interest in McClinton-

Marshall and also are large stockholders in American Rolling Mill Co. and Alton Wood Steel Co. Other Mellon properties are Koppers Co. (large coke-oven builders), Aluminum Co. of America, and various Gulf Oil companies, which have been large buyers of pipe, tanks, and barges.

There have been reports of Bethlehem's taking over Republic Steel Corp., Cyrus Eaton's recent creation. Bethlehem would gain little by such action. Republic has several obsolete plants, is badly in need of further refinancing, would be a dubious asset to Bethlehem for a long time.

## English Firm Awarded Jones & Laughlin Contract

JONES & LAUGHLIN STEEL CORP. has recently let a contract to Wellman, Smith, Owen Engineering Corp. (English company) for machinery for additions to its seamless steel tube mill at Aliquippa, Pa. It is unusual for an American mill to go outside of this country for such equipment, but Wellman, Smith, Owen have concentrated on pipe-mill machinery for years and likewise are understood to have made an especially attractive price.



FLORIDA NEIGHBORS

Wide World

*Harvey Firestone and Thomas A. Edison squat right down on the running board of the Firestone Lincoln to talk things over*

# Interest in "Class B" Bonds Is Sign of Renewed Confidence

## Investors Are Beginning to Look Outside the Legal Lists, But Foreign Issues Must Still Wait Awhile

THE bond market has now become a more definitely favorable factor in the business situation than it has been—with one or two brief exceptions during 1930—since 1927 and 1928. It leaves much still to be desired, but the outlook is for a gradual, though perhaps slightly irregular, improvement over several months—always barring, of course, some unforeseen major development such as the bonus scare of the year-end.

There is now a large reservoir of funds to finance any business when securities are of the highest grade, preferably shorter term bonds. The strength in this class, comprising issues eligible for legal investment, has driven securities already in the market through a substantial rally, has absorbed a large volume of new issues rather easily, and has opened the way for financing of businesses of the favored type on reasonably good terms. The improvement has been such that this sec-

tion of the market appears not far from its high for the next several months.

The next section of the market—securities not eligible for legal investment but nevertheless good securities—has just begun to share this strength. Through this type of securities, carrying the unfortunate and largely unjustified designation, "second grade," the largest part of American business borrows its capital. The beginning of strength here, plus the definite outlook for future improvement, is significant.

### A Brake on Business

Business of this class cannot yet borrow on terms comparing in favorableness with the highest grade, and the slowness of this section of the market to pick up has been a retarding factor in business recovery, but one likely to be mostly removed during this year, possibly in the next few months.

Businesses whose securities are in a

rating lower than this have, at present, no possibility of being able to borrow on anything like favorable terms. And despite a broadening improvement, the outlook is definitely against development of any favorable borrowing situation for them for a long time to come.

The other important section of the bond market, foreign securities, is in a little less favorable situation than the non-legal class—but the outlook here is rather favorable. There has been a strong rally in price of foreign bonds already in the market, but it started from panic levels.

### The Need Is Pressing

The prospect that foreign concerns will be able to borrow appreciable amounts in the American capital market in the near future is slight, though they might have a chance by fall—dependent always on political developments. The imperative need for capital in many countries and the large volume of short-term indebtedness to be funded will bring this move as soon as possible.

The bond market's troubles directly result from: (1) the hangover of "common stockitis" among individual investors; (2) fears for future stability and earnings both here and abroad; (3) insufficiently aggressive action by the central banks; (4) the bonus disturbance. All of these unfavorable factors are being gradually eliminated, with the possible exception of the first.

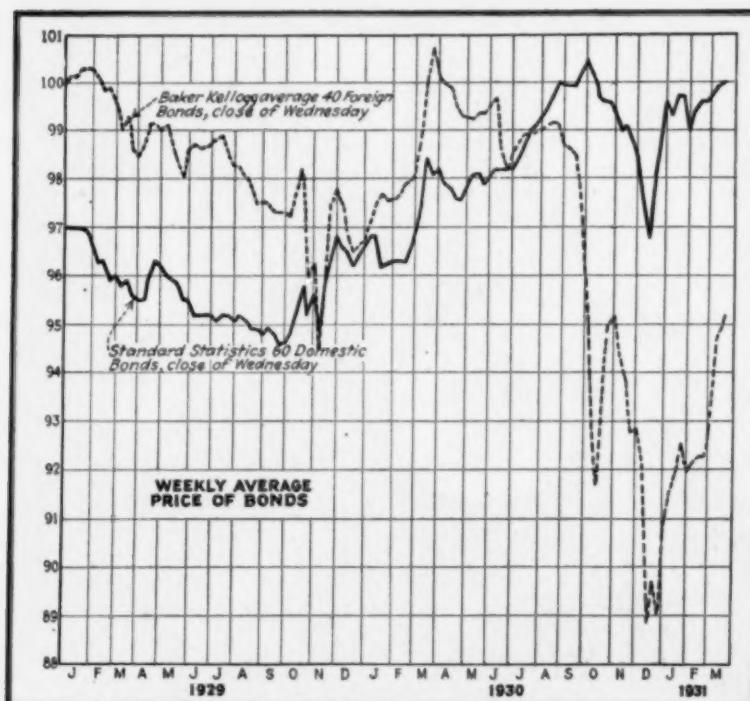
Bond buying thus far has been largely institutional—which accounts for the limitation of strength to the high-grade issues, to which many of these investors are confined by law. The mania for extreme liquidity and safety has confined purchases to these issues, or even kept in short-term securities funds which normally would have gone into bonds.

### Liquidity Mania Passing

The liquidity mania is passing, confidence in long-term investments is returning. The result is a flow of funds from short-term to long-term. The improvement has already permitted a huge volume of new financing (above \$500 millions the first 19 days of March, excluding Treasury operations).

And the full investment resources of these institutions has by no means been exhausted. Commercial banks alone could purchase for secondary reserve a large amount of bonds and still be normally liquid, while the continuing growth of savings keeps those institutions in the market.

This month appears to mark the beginning of the individual investor's re-



#### BONDS RALLY

*Bond price movements, since the first of January, 1929, mirror the stock market boom, the crash, the gradual rise, the drop in domestics due to the bonus and in foreign issues due to lack of confidence*

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# CHECK YOUR *White Elephants*

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*Most organizations have them—*

Equipment that has outlived its day and age, and whose efficiency is below par.

Inertia in discarding unprofitable units is the greatest stumbling block in the way of obtaining the economies assured through modernization... It is easy to continue along the lines of the least resistance—but not profitable. Competition is not met successfully with "white elephants"—the ups and downs of business cannot be faced with impunity when equipment is below par.

To-day, the complex problems of industry demand that every unit in manufacturing must have indisputable reasons for its existence. There must be no sluggards—no drags on production or processes.

Through advanced design and practice, *electric heat, arc welding, lighting, electric motors,*

*and motor control* meet the problems of today.

Modernization, by these methods, carries an organization forward to new economies and greater profits.

Production records that once satisfied are justly viewed as inadequate. Costs, that continually mounted, take a downward turn.

General Electric sales engineers advocate a sane program of modernization, and are prepared to show how it may be paid for out of resultant economies. Theirs is not a policy of sweeping ruthlessly through a plant, but rather one of studied recommendations based on long experience and applied to individual requirements.

Have you any "white elephants", eating their heads off and holding back progress? Are you giving the men in your employ a willing hearing when they ask to modernize?

*Modernization Reduces Costs—Increases Profit.*

GENERAL  ELECTRIC  
SCHENECTADY, NEW YORK

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200-476

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Wide World

#### WHERE'S D'ARTAGNAN?

*The Three Musketeers of the Progressives talk over plans to capitalize their balance of power in the next Congress. Left to right are Senators "Athos" La Follette, "Porthos" Norris, and "Aramis" Costigan*

turn to the bond market but the early bird is the individual of larger resources, who naturally is more timid. However, smaller buyers are expected. They will make for a broad, strong bond market just as they made for a broad and (unfortunately) strong stock market in 1928 and 1929. Further institutional confidence will help. The growth of this movement will mean strengthening of the medium-grade bond market.

The recovery of foreign bonds from the December panic (shown graphically by the chart) resulted, first, from a large foreign demand for dollar foreign bonds at panic prices. Then Americans noted the unjustifiably low prices and consequent high yields, and began to buy. The recovery in this list has aroused talk of the possibility of foreign borrowing, which would augur especially well for business both here and abroad. However, distrust of foreign securities, their vulnerability to even slightly bad news, and the slow betterment expected in domestic medium grades leads to the conclusion that the day is not close.

#### Money Market Favorable

The fundamental factor favoring the future of bonds is the money market. Depression with small demand for funds has resulted in a piling up of money which must be invested. Rates on short-term securities are so low that they do not yield enough to offer permanent attraction. And central banking is working toward maintaining easy money, encouraging long-term investment. The low price level also operates in favor of the bondholder.

Possible obstacles do not appear serious. A rapid pickup in business

might create such a demand that funds would be pulled out of bonds, but such a rapid recovery does not appear probable. Nor does a rapid rise in prices, decreasing the value of the dollar, which would discourage investment in bonds.

The rapidity with which capital borrowers have taken advantage of bond market strength may prove temporarily disturbing, but is very unlikely to be more than that. Few, if any, signs of indigestion have yet appeared though a glut may develop at any time. But the large volume of new issues which are for refunding lessens the chances.

#### Progressive Conference Forecasts Obstruction

THE Progressive Conference in Washington last week was a warning to business that it must develop a program of policies to protect the public against depressions and their consequences, or have such a program developed and imposed upon it by others.

The conference itself, was not a formidable affair. It was an informal reception given by five senators and a few representatives to a large number of people who feel there is something wrong and who were invited to tell the world what should be done about it.

Its purpose was not to organize a new political party but to draw up a platform of policies which the existing parties could be made to support by persuasion of prevailing unrest. Its sponsors do not believe that any new party is necessary but that sufficient pressure can be brought to bear on the old parties to force them to adopt at least some of the

things that a lot of dissatisfied people believe to be necessary. In short, the purpose was to formulate a coherent plan of action for those irregular members of the older parties who will control the balance of power in the next Congress.

In this respect the conference was a failure. It was unable or unwilling to lay down any specific program covering any of the issues in which the participants are interested. It resolved itself into a large number of subcommittees delegated to study these issues further and report later at some indefinite time.

There was agreement only on two general points: That business had failed to develop any program or exercise effective leadership; and that Congress likewise had failed. The emphasis of the discussion was laid upon the need for better economic planning; the general view was that business is and will be incapable of such planning, and that therefore it must be undertaken by governmental agencies.

#### Plans Are Vague

The lines along which this planning should be done were only vaguely indicated in the subjects suggested for study by the subcommittees. These were: unemployment conditions, a national system of unemployment exchanges, unemployment reserve funds or insurance, the stabilization of industry, the use of public construction in industrial stabilization, maintenance of purchasing power and reduction of work hours; development of more scientific methods of tariff revision; improvement of governmental machinery and legislative efficiency, and farm relief. No specific proposals were made upon any of these matters, nor was the question of governmental policy toward public utilities or railroads mentioned in the resolutions or statements of policy adopted.

Likewise there was no official reference to problems of banking policy, although the invited speakers touched upon this and practically every other question in the course of the discussion during the three-day session.

Unless the congressional group responsible for the conference are able to formulate some specific program before the next session it is difficult to see how this discussion is going to have any practical effect upon the actions of the next Congress except by way of providing a general basis of disapproval and dissatisfaction upon which to build obstructionist tactics and to increase the difficulties of the administration in December.



*... and the greatest of these is*

# ADEQUACY

**T**HREE are two primary essentials in every great advertising success.

One of them is *good* advertising; the other is *enough* advertising. These obvious requirements are stressed because one of them is overlooked oftener than you might suppose.

Many an otherwise fine campaign falls short of its full possibility because it is crippled in mid-career by lack of *volume*.

THE SATURDAY EVENING POST holds no brief for extravagant advertising — indeed, its

best interests are all on the other side.

But years of associated service with the most successful advertisers in America have taught some lessons too plain to be ignored.

In the creation of an invulnerable franchise with the public, of an unassailable prestige with the trade, of an unwavering preference with the buyer, Advertising needs Appeal, Acumen, Adequacy.

And the greatest of these is Adequacy!

## THE SATURDAY EVENING POST

"AN AMERICAN INSTITUTION"

THE CURTIS PUBLISHING COMPANY



INDEPENDENCE SQUARE, PHILADELPHIA

# Eastern Rail Chiefs Clear Line To Rush Their Merger Through

## Big Systems Have Been Quietly Adding to Holdings In Smaller Roads and Will Be Ready to Move April 1

THE Eastern trunk line merger agreement will be presented officially to the Interstate Commerce Commission before April 1, *The Business Week* is informed. Executives of the lines, with a committee of railroad lawyers, are whipping into shape the actual plan, while accountants and engineers are hard at work preparing a mass of supplementary data.

The "big chiefs," having settled the principal features, are waiting to affix their signatures to the official presentation. Daniel Willard, astute head of the Baltimore & Ohio, with his own merger plans already lined up and largely approved by the commission piecemeal, has been keeping an eye on developments from Florida. W. W. Atterbury—"the General" to Pennsylvania men—has been receiving reports on the situation during a hasty tour of the Pacific Coast, while P. E. Crowley, self-effacing chief of the New York Central, has been seeking ways and means of blocking the Pennsylvania's demand for trackage rights over the Nickel Plate

along the south shore of Lake Erie (Ashtabula to Brockton)—long an N. Y. C. stronghold. J. J. Bernet, "rotating president" of the Van Sweringen lines, has remained close to the scene of action, dividing his time between Cleveland and Richmond. The final 2 members of "the Big Six," the Brothers Van Sweringen, have been as successful as usual in keeping their activities in the realm of mystery.

The commission will be asked, in the joint application, to change its proposed consolidation plan in respect to the Eastern trunk lines to correspond to the proposals agreed upon by the Eastern executives in December (*The Business Week*, Jan. 7). The roads are all set to go ahead with actual absorption of the smaller lines and have been adding quietly to holdings in them. B. & O.'s interest in the Reading-Jersey Central system has increased to 46% of the outstanding stock. The N. Y. C. is reported to be ready to transfer to the B. & O. its 25% holdings, so it will be no trick whatever for Mr. Willard's

road to acquire, at its leisure, the rest of the stock needed. The N. Y. C. is believed to have been increasing its interest in the Lackawanna. The shares of the Baker and Vanderbilt families, if added to present N. Y. C. holdings, would give the latter working control of the anthracite road.

In the interval since President Hoover announced the merger agreement (and it is not without significance that J. R. MacNutt, treasurer of the Republican party, is one of the Van Sweringen colleagues and promoters of the merger) a battle for control of the New England lines has commenced. Pennsylvania has added to its widespread stock holdings in these carriers; the N. Y. C. has reiterated its determination to hold the Boston & Albany, on which it already has a 999-year lease; the Van Sweringens have campaigned for control of the Boston & Maine.

### Strategy, Not Altruism

Although the B. & O. has never publicly revealed its position as to New England, *The Business Week* learns on the highest authority that the road favors a local, all-inclusive New England rail system. Such a position is not pure altruism on the part of the B. & O.; it is influenced by an unwillingness to let the Pennsylvania get a strangle-hold on New England's traffic.

Members of the I. C. C. have said informally that they cannot even estimate how long the hearings on the 4-party plan will last, but they are inclined to anticipate a protracted series of meetings, with innumerable rail and public officials appearing for and against the merger. Residents along the Lackawanna, for example, assert they have no intention of permitting the N. Y. C. to make it an "incidental" road, and Lehigh Valley patrons similarly insist their line must not be converted into a freight road for the Van Sweringens.

### Something on the Track

A further complication is seen in the possibility that the I. C. C. will bring anti-trust proceedings against the Pennsylvania to dissolve its stock control (43%) of the Norfolk & Western. In the 4-party plan, the N. & W. was allocated to the Pennsylvania, which is known to consider its retention as of prime importance. In preparing the case, the I. C. C. will undertake a survey of the traffic situation between the two carriers, a process which is expected to consume considerable time. The whole action may delay an I. C. C. ruling on the Eastern merger plan.



STOVES FOR SWITCHES

Snowstorms hold no terrors for the switchmen in the Milwaukee Road yards in Chicago. Gas stoves under the rails keep the switches clear of ice

# CONCRETE . . .

*puts industrial plants  
on the boulevard*



*Views are of Los Angeles Can Corporation plant, in California. Francisco & Jacobus, Architects.*



*An all concrete building. The exterior surface untouched after removal of forms. Scofield-Twaits Company, Contractors, Los Angeles.*

*Concrete industrial buildings of this character raise the standard of the community in which they are located.*



**B**UILDINGS whose interiors hum with the whirring machinery of industry may have exteriors that rank with the community's finest structures. Such buildings are being constructed today—of portland cement concrete. The use of concrete permits architectural treatment not even remotely suggestive of the "factory". It provides the utmost in structural strength for walls and floors; and safeguards from fire hazard within and without.

**PORLAND CEMENT Association**

*Concrete for Permanence and Firesafety*

33 W. GRAND AVENUE  
CHICAGO

# “This Is the Time for Mergers,” Says General American Tank Car

## And New Jobs for the Pullman of the Freight Field Are Adding New Subsidiaries to Its List

“A TIME of depression is the best time to make mergers,” so Max Epstein, chairman of General American Tank Car Corp., tells *The Business Week*. “You can make better deals then.”

Mr. Epstein’s company has been an outstanding merger-maker of the past 2 years. Counting in Swift & Co.’s 6,000 refrigerator cars, recently acquired (*The Business Week*, March 4), General American now operates close to 50,000 cars. Profits from 1930 operations, \$6,518,181, or \$8.03 per share, exceeded by 13% those of 1929, the best previous year in the company’s history.

An examination of business history shows that a goodly proportion of the biggest companies have been depression-born mergers. “Morgan, the Magnificent,” recounts at some length how busy the senior J. P. Morgan was in the various depressions during his long career. Allied Chemical & Dye Corp. was the big merger of the depression 10 years ago. It has fared better than some consolidations conceived in the following boom.

### Subsidiaries Listed

There are 16 subsidiaries listed in the annual report to stockholders which General American Tank Car Corp. sends out this month. Checking them over, Mr. Epstein notes 3 that date more than 5 years back; 8 “within 5 years”; 4 “within 2 years”; 1 “within 1931.”

Two of the 16 are car-building companies—the corporation manufactures all classes of railway cars, though its main interests are tank cars and refrigerator cars; 3 others operate tank car lines; 5 operate refrigerator lines; 1, a milk refrigerator line; 1, a livestock line; 3 more are European companies. The 16th is General American Tank Storage & Terminal Co., Inc., a tank farm and water terminal at Goodhope, La., near New Orleans.

### Food Products Big Item

General American Transportation System, Inc., now given first place on the list of refrigerator car lines, is the subsidiary that handles Swift traffic, with Swift & Co. part-owner. Its volume of business is enough to make transportation of food products, not petroleum products, now the most important part of General American’s business.

General American Tank Car Corp. is the main freight car pool. It has been called “the Pullman of the freight field.” Cars are moved around the country as demand varies. Thus shippers with heavy seasonal requirements are relieved of the necessity of buying rolling stock; an oil company can buy enough cars for its steady routine business and call in General American cars to take care of peaks of demand. Being continually in use at one place or another, cars in the pool can be leased

for less per mile than it costs shippers—and sometimes railroads—to operate their own.

Research and development, now under way, is directed toward both expansion and diversification. New and interesting types of tank cars, for carrying more efficiently products hitherto transported in other ways, are coming along. The past year has seen the introduction of nickel-lined tank cars for transportation of chemicals; high-pressure tank cars for liquefied gases, as propane and butane; aluminum tank cars for glacial acetic acid, chemically pure glycerine, and other chemicals. The tank car end of the business is so diversified that the total number of cars serving the chemical industries is almost as great as those transporting gasoline.

Demand for specially designed cars in both chemical and food transportation is increasing. New uses for existing cars are being found. Glass-lined milk cars, for example, are in use in Canada and Europe to transport more interesting beverages. Should prohibition be modified, they would replace many kegs of bygone years.

### Pipe Lines No Worry

Gasoline pipe lines do not worry the corporation greatly. “Less than 4% of our fleet is engaged in long-haul transportation of gasoline that might be affected by gasoline pipe lines,” says Lester N. Selig, president. “In our opinion, any decrease in long-haul gasoline transportation will be more than offset by the increase in long hauls of refined products other than gasoline from distant refineries to market centers; by the natural increase in the consumption of gasoline; and by increased transportation of gasoline in short hauls from pipe line terminals.”

General American is a youthful com-



ALL THEY WANT IS A TARIFF

*Around this barren board, representatives of the oil-producing states seek relief for the little fellows. Some want production proration, some don’t; all want a tariff. Left to right are John G. Marzel, Wyoming; William H. Cooley, California; Robert R. Penn, Texas; Cicero I. Murray, Oklahoma (chairman); Carl N. Cox, Wyoming; Scott Heywood, Louisiana; T. H. Barton, Arkansas. They meet with the Federal Oil Conservation Board in Washington March 30*

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WEEK

# You may take it off, Sir; *we know you.*

We'll admit that dour mask of yours has given a lot of us quite a scare! But at last we're beginning to recognize the really genial old gentleman back of it.

Now, the point is, are we going to let you wear that frozen face every ten years or so?

Or are we going to do something about it?

Quite clearly, it's up to us.

We can, for example, endeavor to control the delicate interplay between production and consumption. Or we can let matters take their own sweet course.

We can try to keep our reserves

of supply materials down to fighting trim. Or we can pile up huge and wasteful stocks each in our own little storerooms.

We can put the burdens of carrying our supply materials (or marketing our finished products) on the efficient shoulders of the scientific distributor. Or we can all duplicate each other's facilities, use small-scale, expensive methods—and continue to pay the bill.

We can watch out for the germ of overproduction before it becomes malignant—because that particular germ makes itself immediately evident to the distributor,

with his fingertips always directly on the pulse of Demand. Or we can continue blissfully to ignore the early stages of the disease.

All this is anything but mere abstract economics.

Far-flung railroad systems, public utilities with their complicated needs, and many other industries have recognized the facts by concentrating their supply problems in hands whose sole function it is to bridge the gap between production and consumption.

And it is the size of this gap which makes our Uncle Sam sour—or smiling!



Alert students of the far-reaching interrelation between the two great forces of business life—Production and Consumption—are coming to attach more and more importance to the vital connecting link between the two—Distribution. As the

nation's foremost distributor of electrical products—bridging the gap between the leading manufacturers and an army of consumers everywhere—Graybar functions to achieve and maintain economic stability along truly scientific lines.

**Graybar**  
ELECTRIC COMPANY  
GRAYBAR BUILDING NEW YORK, N. Y.

DISTRIBUTORS OF 60,000 ELECTRICAL ITEMS THROUGH 77 DISTRIBUTING HOUSES

MARCH 25, 1931

19

## AETNA selected floors that increase employee efficiency

For its stately new home in Hartford, Connecticut, the Aetna Life Insurance Company ordered some 270,000 square feet of Sealex Battleship Linoleum. For its new building at 22 William St., New York, City Bank Farmers Trust Co. purchased 180,000 square feet.

To land orders of this magnitude, a material must be more than merely durable or moderate in price. It must be an all-round business floor.

Sealex Battleship Linoleum is a resilient floor. It's live! This natural buoyancy comes from the finely ground cork which is one of its principal ingredients.

Hard floors make the day harder for everyone who walks on them. On the other hand, to install Sealex Floors is like putting shock absorbers on an automobile. They take the jolts out of the day's work.

Being resilient, Sealex Battleship Linoleum is also quiet. Workers are not disturbed and distracted every time someone walks down the aisle.

The "Battleship" in the name of this floor means that it conforms to rigid U. S. Government specifications. Figured on the cost-per-year-of-service basis, this is undoubtedly the most economical resilient floor money can buy.

"Sealex" means that this material is manufactured by the revolutionary Sealex Process. Invisible dirt-absorbing pores, which make ordinary linoleum difficult to clean, are hermetically sealed.

Sealex Battleship Linoleum comes in several colors and weights—the lighter gauges offering substantial economies for spaces where traffic is not too heavy. For full information, address our Business Floors Dept.

CONGOLEUM-NAIRN INC.  
KEARNY, NEW JERSEY

pany, not only in spirit and ideas, but also in personnel. When Metropolitan Life Insurance Co. checked up on ages of men in key positions in corporations whose group insurance it carries, it found General American Tank Car Corp. executives averaging youngest of all. The president is 37.

Max Epstein, the still youthful chairman who founded the company 30 years

ago with 28 second-hand cars, continues the moving spirit. His ideas are advanced. He believes, for instance, that shorter working hours offer the best remedy for unemployment due to the displacement of men by machinery and increased production efficiency; thinks that the simplest application of that remedy would be to make Saturday a legal holiday.

## Oil Import Curb Promises Most To Companies Near Gulf Ports

A FIRST hesitant step toward curtailment of petroleum imports—believed by many oil men a chief cause of the industry's precarious condition—has been taken by Secretary of Interior Wilbur. He has obtained an informal agreement from some oil importers to limit their activities under an unannounced restriction plan.

Operating companies owned or controlled by Shell interests, producing over 50% of Venezuelan petroleum; Gulf Oil Corp., with less than 20% total production; and Creole, a Standard of New Jersey unit, with about 3%, have joined the agreement. Lago, a Standard of Indiana subsidiary, with 25% of total production, still holds out, but this organization is expected to join the other companies soon.

Several times in the past Shell has taken the initiative to bring about curtailment. When it suggested restriction in Venezuela about a year ago Standard of Indiana objected to proposed terms. Last fall Standard reopened the proposal and since then virtually all of the companies operating there have limited their output to a considerable extent. Total 1930 imports: 25 million bbls. from Venezuela; 14 million from Colombia, 10 million from Mexico. In addition, we imported 43 million bbls. of refined products.

Informed observers believe that the most rigid restriction will benefit none but domestic producers close to Gulf of Mexico ports. Potential production from East and Gulf Texas fields can easily fill all increased demands resulting from a falling off in imports; high transportation costs are expected to bar effectively other producers from the Atlantic Coast markets where the biggest part of imported oils is marketed.

Meanwhile, the industry is preparing for the March 31 hearing of its appeal against the Federal Trade Com-

mission's emasculation of the trade practice code. Failing satisfaction, it will return to study the suggestion of Warren C. Platt, publisher of the *National Petroleum News*, one of its most influential members. Editorializing long enough after the commission's expurgation of the code to indicate consultation with other oil leaders, Mr. Platt challenges his industry to determine in the courts, if necessary, for this and for all industries whether "this vast educational movement (the trade practice code) is illegal"; charges the commission with being unfair, unjust, untruthful, and ignorant of the law under which it operates.

Oil's younger men are quite willing to go to the bat with the Federal Trade Commission on this question, or with the Attorney-General, or anyone else. But the oldsters, particularly those who remember well the troublesome times in court leading to the Standard Oil dissolution decree in 1912, are inclined to lean over backward rather than to fall into the toils of the law.

## New Tax Takes Gold Out of "Golden Troco"

"GOLDEN TROCO," a margarine yellow because of an ingredient (palm oil) and not because of a coloring agent, was introduced by General Foods late in 1930. The Glidden Co. and Durkee Famous Foods developed the product after extensive research.

Dairy interests promptly secured passage of a law effective June 1 which extends the 10¢ a pound tax to all yellow margarine.

"Troco" now will drop "Golden" from its name; will be sold white, with coloring matter accompanying each package.



# ÆTNA spent a year trying to find a better floor for the same money— or as good a floor for less



LARGE corporations are accustomed, it would seem, to spend time before spending their money.

Aetna Life investigated for upwards of a year trying to find a better buy than Sealex Battleship Linoleum. It couldn't be done.

Western Union even went so far as to conduct actual service tests with many floor materials. Sealex Floors won this competitive contest also!

City Bank Farmers Trust Co., Standard Oil, Equitable Life, Westinghouse, are other leaders who have chosen Sealex Battleship Linoleum. Purchasing floors by the acre, these buyers could not afford to make mistakes.

*See page 20, third column, for further facts*

## SEALEX LINOLEUM FLOORS

New building of Aetna Life Insurance Co., Hartford, Conn., Architect: James Gamble Rogers. General Contractors: George A. Fuller Co. 270,000 square feet of Sealex Floors installed by G. Fox & Co., Hartford.

# Our 120 Billion Cigarettes May Yet Be 100% American

## French Tobacco Modistes Have Always Dressed U. S. Output—But We Learn Trick

APPROXIMATELY 120 billion cigarettes were manufactured in this country last year—over 340 billion pounds of tobacco wrapped in pieces of wafer-thin paper 3 inches long and 1½ inches wide.

All of this paper was imported from France—from the mills of the Société Anonyme des Papeteries de Mauduit at Quimperlé or the Société Nouvelle des Papeteries de Champagne at Nantes. But now this French monopoly, which has existed for years, faces the threat of serious competition by American manufacturers.

A pair of enterprising American brothers, through experiments in the manufacture of condenser papers and tissues for electric insulation, have discovered that they can produce cigarette paper equal or superior to the French product at less cost.

They are Louis and William Schweitzer, sons of an American pioneer importer. Realizing that American paper had to be even better than the French if it was to succeed, the brothers took a course in paper manufacture at the University of Maine. Then Louis went to the University of Grenoble in France and finished his training at his father's paper mill in southern France.

### An Electrical Start

Establishing plants at Jersey City and Elizabeth, N. J., they started the manufacture of delicate condenser and insulation tissues and from that moved on to the production of the paper, 3 times as thick, which binds the tiny rolls of tobacco. Even Jean de Montgolfier, leading cigarette paper manufacturer in France, has admitted that American plants are superior to those in Europe.

Only linen rags of the finest type are used and they are put through a long process to insure strength and purity. This includes "cooking" of the cloth, brushing, washing, to eradicate hypochlorites, cause of the "cigarette cough." Before the process is completed a mineral filler is added to aid combustion.

But the American manufacturers are having difficulty in persuading the cigarette producers to accept their paper.

For years the latter have purchased all of their paper supply from France and seem reluctant to venture a change.

When the Smoot-Hawley tariff bill was passed the American manufacturers had hoped the duties on French paper would be raised. The Tariff Commission dismissed their plea, however, on the grounds that difference in production costs favored the domestic concerns.

## Employment and Wages Increase in January

EMPLOYMENT increased 1.4% in numbers, 7.5% in wages during January. Thus the optimistic report of Secretary of Labor Doak after study of data from 13,000 concerns employing nearly 3 million workers.

This, the first distinctly encouraging sign for months, is in line with normal seasonal movements but much greater than the change of a year ago. The national trend is substantiated by New York State employment figures and by those of Pennsylvania compiled by the Philadelphia Federal Reserve Bank.

President Hoover is expanding the federal employment service in answer to criticism of his veto of the Wagner Bill. John R. Alpine, American Federation of Labor official of New York, has been made Assistant Secretary of Labor to direct its increased activities. New divisions will be organized to cooperate with existing public agencies in mining, building, metal, and needle trades, in transportation, textiles, office and mercantile, seamen and longshoremen. About \$880,000 will be available for the work—\$380,000 from the regular fund, \$500,000 from the second deficiency bill.

Interesting series of events: the new assistant secretary was William Green's candidate for Secretary of Labor. Mr. Doak was ushered into the office with a rather severe Presidential stricture of organized labor's purported attempt to control the appointment. Following an equally severe criticism of the Wagner Bill veto by Mr. Green, Mr. Alpine is appointed to the job of trying to prove the justice of the veto.



Wide World

### DOAK'S HELPER

*John R. Alpine, new Assistant Secretary of Labor, is prominent in the A. F. of L. He aims to broaden and coordinate the public employment service*

## Employees' Loan Plan Proves Successful

TORO MANUFACTURING CO., a glass cutting machinery maker of Minneapolis, has continued successfully through the depression an employee loan fund plan established 5 years ago. Each employee, after 1 month's service, contributes \$5—\$1 a month—to the fund and the company matches it with \$25. If the total fails to meet loan demands, as it did during 1930, additional contributions of \$1 per month per employee matched by \$2 from the company raise it to the desired level.

Loans range from \$10 to \$200 at 3% interest, payable in monthly installments. Amounts loaned depend upon an employee's earning capacity, monthly financial obligations, family needs. A factory loan committee of 5 members—2 changed each 6 months—approves applications on information which conceals the applicant's identity.

Any man who is discharged, voluntarily leaves, or is laid off temporarily has the right to withdraw his full contribution regardless of any amount which may have been loaned to him and remains unpaid.

# GREATES T MARKET

## *An important new service to executives*

**B**ECAUSE profitable selling is the chief problem of American business, the Banks of the Marine Midland Group have prepared and published a marketing manual covering New York State.

This book has involved literally thousands of hours of expert work. The methods suggested, and the statistics tabulated are based on the experience of successful industries in many different lines.

In addition to these methods and statistics, 16 Marine Midland Banks, located in 16 New York State communities, offer an unusual *localized* knowledge of the areas served by each. Much of this knowledge is available in this manual.

### *How to get this book*

All this information, plus a tested method of measuring sales opportunity makes this 106-page manual, "Profitable Selling in America's Greatest Market," of definite value to companies interested in New York State. If, as an executive of such a company, you wish to receive this book, address the Marine Midland Group, Inc., 704 Marine Trust Building, Buffalo, N. Y.

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#### *The 16 Banks in New York State that compose the Marine Midland Group are:*

NEW YORK CITY	Marine Midland Trust Company	BUFFALO	Marine Trust Company
TROY	The Manufacturers National Bank of Troy	EAST AURORA	Bank of East Aurora
BINGHAMTON	Peoples Trust Company	JAMESTOWN	Union Trust Company
JOHNSON CITY	Workers Trust Company	LACKAWANNA	Lackawanna National Bank
CORTLAND	Cortland Trust Company	SNYDER	Bank of Snyder
ROCHESTER	Union Trust Company	TONAWANDA	First Trust Company
ALBION	Orleans County Trust Company	NORTH TONAWANDA	State Trust Company
LOCKPORT	Niagara County National Bank & Trust Company	NIAGARA FALLS	Power City Trust Company

## *Banks of the MARINE MIDLAND Group*

# Home Talkie Projectors For 20 Million Planned

## Film and Record Producers to Cooperate In Campaign Backed by Radio Interests

TALKING motion picture projectors in 20 million homes throughout the land is the ultimate goal behind the campaign started by manufacturers of sound apparatus to provide talkies for home entertainment.

Distributors are now being appointed—a major of them from the radio industry—and arrangements are being made with film producers for making available a comprehensive assortment of subjects.

Gen. James G. Harbord, chairman of the board of directors of the Radio Corp. of America, which is known to be deeply interested in the project, fired the first gun in the campaign with the announcement that the company is ready to begin commercial production of "home talking motion picture apparatus" as quickly as "the necessary associated services are sufficiently developed, including a system of distribution which may eventually be able to serve 20 million little theaters of the home."

Already on the market, or shortly

available, are projectors manufactured by Bell & Howell, Hollywood Film Enterprises, Pathé, QRS-DeVry, Sentry Safety Control Corp., Sprague Specialties Co., Victor Animatograph Corp., and Visionola Manufacturing Co. Film companies specializing in the home field include Burton Holmes (travel), Columbia Pictures Corp., Hollywood Film Enterprises, Pathé, Show-At-Home (Universal), and U. F. A. Films (educational).

### No Sound Track

The home talkie machines use records exclusively for the sound, 16 inches in diameter and turning at a speed of 33½ revolutions a minute as compared to the usual phonograph speed of 78. Sound on 16-millimeter film, another method of synchronization, has not yet proved feasible.

Close cooperation between film producers and projector manufacturers is essential because neither is in a position to duplicate the other's product.

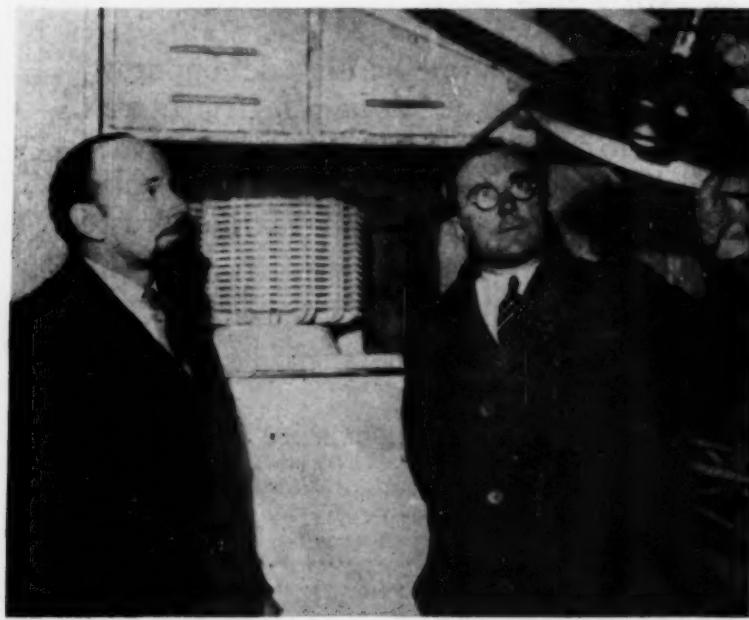
Four of the largest Hollywood film companies have abandoned their policy of refusing to reprint subjects on 16-millimeter film and have established "home departments" where titles suitable for home use are selected and prepared. Catalogues have been issued containing from 100 to 300 titles, mostly of single reel length (400 feet) running about 11 minutes, accompanied by a 16-inch synchronized record. The film and disc together range in price from \$19.50 to \$25.00.

### Film Depots Planned

The high cost of records and films would prevent the ordinary retailer from obtaining a sufficient number of subjects for a local library, so it is planned that they will be purchased by financially strong distributing agencies to be leased to dealers or will be handled by film library depots (one for every city of 80,000 or over). Film will be rented by retailers for use in the home at \$1.50 per 100 feet.

The keen interest of radio magnates in home talkies is due to the fact that they anticipate the reaching of the saturation point in sales of radio receiving sets. The number of receiving sets sold in 1930 dropped off ½ million, 14% from 1929. Dollar volume of sales was down 45%; tube sales, 25%. Including all products, the industry sold a grand total of \$302,529,000 in 1930 compared with \$525 millions the year before, a reduction of 40%. Unit prices have sharply decreased. The average set in 1928 sold for \$115; in 1929 for \$110 and in 1930 for \$81.50, reflecting the influence of the 1,130,000 midgets which made up 45% of the 1930 set volume and are expected to comprise 75% of the 1931 volume.

In the broadcasting branch of the radio industry, of 20 high-power stations with an average investment of \$189 thousands, 10 stations made an average profit of \$29 thousands each and 10 stations lost an average of \$54 thousands in 1930. Half of the stations, both large and small, are losing money at present.



International News

### COALS TO NEWCASTLE

*Sir Hubert Wilkins (left) and Charles E. Wilson, vice-president of General Electric, examine the sunlamp and refrigerator which Sir Hubert is taking with him to the Arctic this summer*

### Cattle Are Electrocuted In New Cudahy Plant

ELECTROCUTION is the approved method of slaughtering cattle in the new packing plant of Cudahy Bros. just opened at Cudahy, Wis. In what is primarily a hog plant, but has a capacity for 800 hogs an hour, 600 beef a day, 3,000 calves a week, and 500 sheep a

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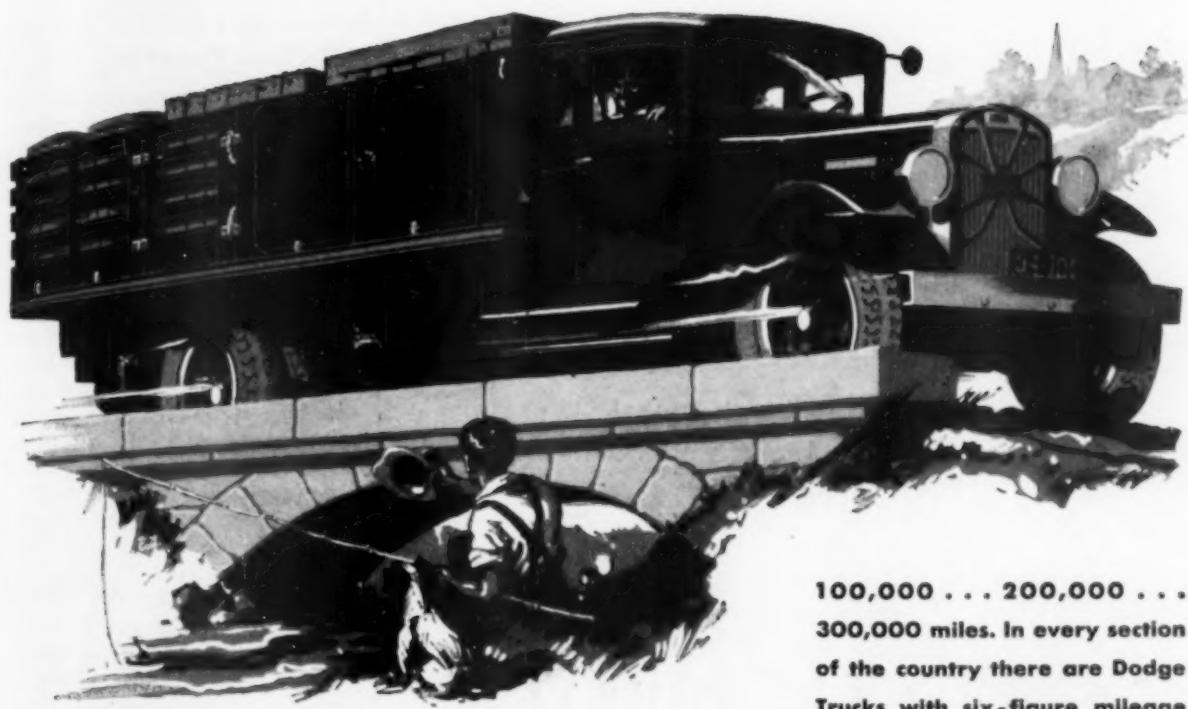
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# LONG LIFE AND A PROFITABLE ONE



DEPENDABLE

# DODGE TRUCKS

THE COMPLETE LINE OF DODGE TRUCKS RANGES IN PAYLOAD  
CAPACITIES FROM 1,200 TO 11,175 POUNDS—PRICED, CHASSIS  
F.O.B. DETROIT, FROM \$435 TO \$2695, IN-  
CLUDING THE 1½-TON CHASSIS AT \$595

100,000 . . . 200,000 . . .  
300,000 miles. In every section  
of the country there are Dodge  
Trucks with six-figure mileage  
records . . . And were you to  
place one of these faithful old  
Dodges beside a modern Dodge  
Truck, comparison would prove  
how much longer and how still  
more faithfully a modern Dodge  
will serve . . . because of engines  
that are far more modern,  
rugged, economical . . . because  
of dependable full-floating rear  
axles . . . because of sturdier  
springs, drive shafts, frames  
and axles . . . because, in fact,  
every part of a present-day  
Dodge Truck is precision-built  
for longer life than ever before.

SOLD AND SERVICED BY DODGE  
BROTHERS DEALERS EVERYWHERE



## TIME TO SCRAPE HULLS-

IF there are left any barnacles of obsolete or inadequate productive facilities in your plant, the time has come to drydock your ship of business.

The tide is flowing in, definitely, if perhaps, slowly.

Competition is afloat, but the prize and the profit go to those who sail swiftest—those with smooth hulls and spread sails.

Time to scrape hulls.

**J. E. SIRRINE & COMPANY**  
Engineers

Greenville

South Carolina



week, cattle are, for the first time, killed by electric shock instead of being stunned by a hammer blow, before bleeding. The Department of Agriculture says "better meat," "more humanitarian."

A feature of the plant is a "quick freeze" room in which a temperature of 50° to 60° F. below zero is maintained, freezing the meat solid in 12 hours, compared with 48 to 72 hours under usual refrigerating conditions.

## Real Estate Boards Have A 4-Point Program

For their 1931 program real estate interests have 4 major projects according to Harry S. Kissel, president of the National Association of Real Estate Boards:

(1) Development of appraisal service whereby financial institutions and the public can obtain accurate and unbiased information regarding the potential earning possibilities of real properties in which they wish to invest;

(2) Development of a system for surveying apartment house projects, prior to their initiation, to determine the economic and engineering soundness of proposals;

(3) Continuation of the tax survey undertaken with the aid of the Laura Spellman Rockefeller Foundation and the University of Chicago, which is making an intelligent and scientific analysis of all tax laws of the 48 states;

(4) Continued progress with the Property Owners Division of the National Association, which is concerned with the problem of helping tax payers get a fairer adjustment of tax burdens.

## 3% of Our Copper Is Used for Wiring

THIS country uses 55 million lbs. of copper a year—roughly 3% of domestic production—for electric wiring purposes, according to a survey just made by the Copper & Brass Research Association. There are about 24 million consumers, nearly 85% of them domestic users. Only 627,000 out of our 6 million farm houses are wired, but progress in that field is steady.

The survey finds that electric equipment manufacturers and others are favoring a heavier gage wire than previously considered adequate for service requirements. Change from 14-gage to 12-gage wire would increase copper consumption 7 million lbs.

# Farm Board Will Stand or Fall On Its Stabilization Job

## The Campaign for Acreage Reduction Marks A Third Stage in Its Attempt at a Solution

*(This is the third of a series of articles interpreting the present and prospective position of the Federal Farm Board in its relation to agriculture and business)*

ONE of the first things done by the new Farm Board chairman, Stone, was to protest to the public against its paying so much attention to the stabilization activities of the board. He suggested to newspaper men that they ought to feature in the headlines the many other things the board is trying to do, particularly its efforts to build up cooperative organizations and to organize agriculture for more efficient marketing. In his first radio speech the chairman put all his emphasis on the latter, dropping only a casual remark about the stabilization activities, to the effect that they would be continued.

This protest and suggestion by the Farm Board chairman is a strong hint that the stabilization activities of the board will not be continued any longer than is necessary to enable the board to get out from under them. The chair-

man's plaintive plea to the public to look the other way while the board undertakes this spectacular stunt in the next few months is a plain confession that these activities have become the center of the board's work and that its whole future depends upon them. It will be impossible to divert attention from them this year. Whatever their effect upon the board's future may be, they are probably the single dominant factor which will determine the prospects of steady business recovery.

The truth is that every other important phase of the board's work—its efforts to develop effective cooperative organizations, its attempt to minimize or destroy speculation or futures trading in commodity markets, its hopes of controlling production—are all inseparably bound up now with the stabilization activities by which it has tried to support

prices of wheat, cotton, dairy products and wool. This fact confirms the statement made in a preceding article that at bottom the central purpose of the Farm Board policy has been to raise prices of farm products and that everything done has been directly or indirectly related to this end.

It should be realized that the stabilization activities of the board are not merely those involved in the operations of the 2 special stabilization corporations set up by the board under the Agricultural Marketing Act for wheat and cotton. In fact, the board's efforts to raise the prices of farm products began practically with its organization and, in one form or another, have continued almost without interruption since. The methods used, but not the purpose, have changed.

### The Opening Attack

In the first stage of operations, the purpose of raising prices was tied up with that of stimulating cooperative organization by offering loans to farmers on wheat and cotton through recognized cooperatives in larger amounts or at higher prices than could be obtained by farmers who were not members of these cooperatives or by cooperatives which were not recognized by the board. This method was abandoned with respect to wheat and cotton but has continued in effect for wool and dairy products as well as certain other products of less importance.

The second stage of the board's stabilization activities grew inevitably out of the first and has been tied up with its efforts to minimize speculative activity or future trading in the wheat and cotton markets. The first method, of course, failed to check the decline in commodity prices. It did not bring wheat and cotton farmers into the co-ops in large enough numbers to assure sufficient control over the market, and producers outside of the co-ops continued to sell their products at open market prices in sufficient volume to make the prices take their normal course.

### Rescue Operations

As the result, the board's cooperatives found themselves with large quantities of wheat and cotton on which they had loaned Farm Board funds at figures far above the current or prospective market prices and were practically broke. The only thing for the Farm Board to do was to set up wheat and cotton stabilization corporations



WHERE THE DROUGHT BEGINS

Figures show percentage of normal rainfall since July 1, 1930, through February, 1931. Precipitation since then has made little difference

"In the distribution of our products, such as Karo, Mazola, Argo Starch, Linit, Cerelose and Argo Sugar, we find the public merchandise warehouses offer us a wonderful opportunity for distribution. In the United States we use approximately 270 warehouses in 46 states. This in itself shows conclusively the regard in which we hold the warehouse as an agency of distribution."

R. R. Seberry,  
Warehouse Department  
CORN PRODUCTS REFINING  
COMPANY



Let  
**AWA Warehouses**  
Be YOUR  
Branch Houses  
In 189 Cities . . .

In 189 cities of the United States, Canada, Cuba and Hawaii, our member warehouses receive merchandise in carload or less-than-carload lots . . . store it until needed by wholesalers, dealers or users . . . then deliver it where it is wanted. In effect these warehouses become your branch house in each city you select . . . storing and distributing your goods . . . receiving your mail and handling your orders . . . doing your billing and receiving your remittances if you wish . . . keeping in touch with you through daily stock reports.

Using the warehouse 'phone number, you may list your name in each local 'phone book, and the warehouse operator will take your salesmen's calls. Yet your identity is carefully preserved, for the warehouse can use your labels, your billheads, your stationery or any of your personalized forms.

Charges are made on a "piece work" basis. Your costs are based on the number of units of your goods that are handled. During dull periods you are not burdened with fixed overhead expenses, as you are if you operate your own branch houses. The AWA Plan cuts distribution costs, saves freight charges, speeds delivery, enables you to increase sales through the strategic location of spot stocks. Full details in our 32-page booklet, sent free on request.



Get this  
free  
book!



**AMERICAN  
WAREHOUSEMEN'S  
ASSOCIATION**

1864 Adams-Franklin Bldg., Chicago, Ill.

partly financed with Farm Board money to take over these holdings from the board's cooperatives. These stabilization corporations were then forced to take the further step of operating directly in the open market by buying or selling cash or future wheat or cotton in order to support the price not only of their own holdings but of the general supply.

**Better Luck in Cotton**

This situation has been most pronounced in the case of wheat, where the stabilization corporation had progressively to add to its holdings. The cotton stabilization corporation has largely only turned over its holdings by replacing relatively small amounts of special grades of cotton in special positions which it has sold from time to time. In cotton the board has continued to loan money to its cooperatives on the basis of a fixed minimum price of around 9¢ a pound. Since cotton has held somewhat above this price, the result has been that the accumulation of cotton with Farm Board money has been largely through the cooperatives, but the effort is the same as though the cotton stabilization corporation had taken over this cotton. In both wheat and cotton markets the board has controlled the price and practically eliminated future trading.

The third stage of Farm Board stabilization activities lies in the future. It will involve an effort to link up stabilization operations with restriction of production. In a sense this stage has already begun because the board is trying to manage the present holdings of wheat and cotton by the stabilization corporations in relation to reduction of acreage this year by using the threat of discontinuing stabilization altogether and selling its holdings as a weapon to persuade the farmers to cut spring wheat and cotton acreage now being planted. If the board does not get substantial acreage reduction it will probably dispose here or abroad of most of the wheat and cotton it holds, between now and December.

As matters stand at the moment, the prospects for any substantial acreage reduction sufficient to strengthen wheat and cotton prices are slight. To offset the excessive wheat carry-over it would be practically necessary that no spring wheat be planted this year. Because of favorable weather the improved condition of the winter wheat crop has more than offset the slight reduction in acreage planted last fall, so that the crop will be fairly large. The spring

wheat states cannot be expected to give up their wheat crop this year altogether. Open weather and fairly good winter pasture have greatly disappointed expectations of a large amount of feeding of wheat to livestock. The quantity of wheat on farms is relatively large and exports have been cut down by the prices in the domestic market, pegged 30¢ above the world price. Accordingly the Farm Board has begun to export some of its high quality wheat in especially advantageous positions and will probably continue to sell as much as it can outside the country directly or through millers, as flour, without replacing its holdings.

The Argentine and Australian crops have been large and a bounty of over 9¢ a bushel will be offered by the Australian government on its wheat exports. The prospects of large Russian exports, the failure of any concerted European action to control the European wheat market, and the refusal of the United States to participate in the International Agricultural Conference at Rome this month suggest strongly that the Farm Board will not be willing or able to prevent further decline of wheat prices in this country this year. The best it will be able to do, and it will probably try, is to make the decline as gradual as possible. The recent increase of margin requirements in wheat trading on the exchanges indicates what the market expects.

**Aids to Acreage Cut**

In cotton the prospects of acreage reduction are better, but a 20% cut would be necessary to strengthen prices materially. The return of unemployed city workers to the farm this year operates against acreage reduction, but will probably make for an increase in food crops rather than in cotton. Credit stringency in the cotton states is working toward acreage reduction and toward smaller use of fertilizer which will tend to cut down the crop. Probably a 15% reduction in the crop is the maximum to be looked for. Improvement in textile production here and abroad is making for somewhat increased demand for American cotton, so that, on the whole, no further decline in cotton prices and probably some strengthening may be expected this year. Although the Farm Board, directly through the stabilization corporations and indirectly through the co-ops, controls over 3,500,000 bales — a relatively larger part of the carryover than in the case of wheat — the board will probably have a better chance of hold-

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ing this supply and disposing of it  
gradually without depressing prices any  
further than is true of wheat.

#### **Not a Total Loss**

The net results of the board's stabilization operations so far cannot fairly be said to have been a total loss. The board was unable to prevent in the end the drastic decline of farm prices to a level 10% below pre-war. Its calculations to this end all proved to be wrong in face of the world-wide deflation of commodity prices for which it could not be expected to be responsible. It did help to cushion the decline so far as the effects upon farmers are concerned, so that probably the income of farmers, mainly those in the board's co-ops, has been somewhat larger in the past 2 years than it would have been otherwise. A more important result has been unquestionably the protection of a certain number of banks and grain and cotton firms from failure during this period. If this had not been done the effects on general business conditions would have been serious.

These results have been accomplished, of course, at the expense of the taxpayers. The board's stabilization operations have so far meant a loss of \$125 millions and probably this will be increased before the board is out of wheat. This loss must be set off against the possible gain of farm income.

The more important results, however, are those involved in the bearing of stabilization operations upon the other broader objectives of the board, namely the development of effective agricultural marketing organization, the minimizing of speculation and the control of production. In all these respects stabilization must be counted a serious mistake. This will be seen more clearly when the Board's activities in these directions are examined in subsequent articles.

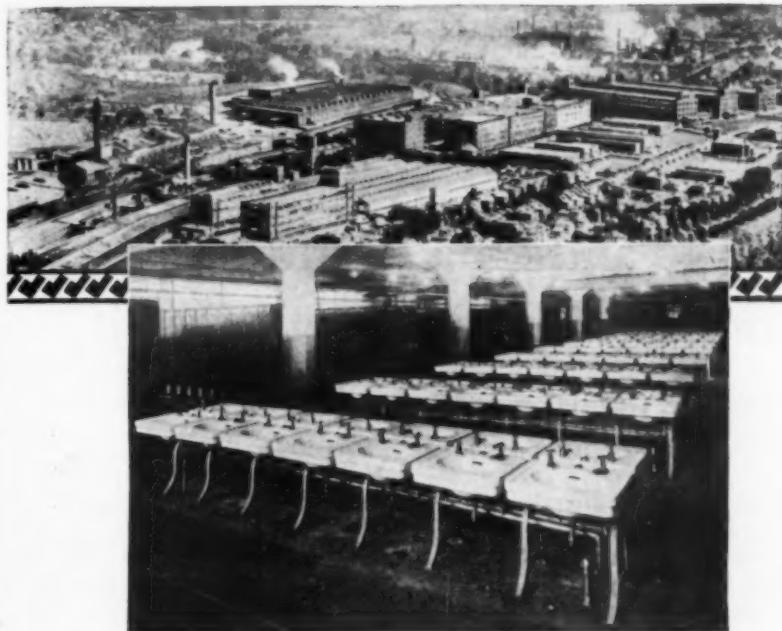
#### **One-Man Commission Rules Oregon Utilities**

ONE man in place of three, and this one with a special mandate to represent the users of service and the public generally, now sits as the regulatory authority over the valuation, rates, and service of the public utilities of Oregon, in accordance with the new Public Service Commission Act passed by the state Legislature. C. M. Thomas, of Medford, is now "Commissioner of Public Utilities of Oregon." This is the first time that one man has comprised a public utility commission all by himself.

## **SOUND BUSINESS JUDGMENT DICTATES THE USE OF**

# **TE-PE-CO**

### **ALL-CLAY PLUMBING FIXTURES**



INSTALLATIONS such as this, made by the Reading Foundry & Supply Company in the great plants of the Wyomissing Industries near Reading, Pa., indicate clearly the increasing tendency on the part of company executives to *look beyond immediate needs* when plumbing fixtures are specified.

Building owners and architects know that TE-PE-CO fixtures are designed to provide sanitary facilities for large groups of workers with the utmost degree of satisfaction and economy. They are equally well aware of the fact that the quality and durability for which TE-PE-CO fixtures are famous adds materially to the investment values of all properties in which they are installed.

Great universities, nationally known industrial plants, public buildings, hotels, office buildings and hospitals agree that *sound business judgment dictates the use of TE-PE-CO*.



#### **Our Guarantee**

*We make but one grade of ware—the best that can be produced—and sell it at reasonable prices. We sell no seconds or calls. Our ware is guaranteed to be equal in quality and durability to any sanitary ware made in the world. The Te-pe-co trade mark is found on all goods manufactured by us and is your guarantee that you have received that for which you have paid.*

#### **TRENTON POTTERIES COMPANY**

**TRENTON, N. J., U. S. A.**

*National Showroom  
New York City—101 Park Ave.  
Entrance on 41st St.*

*Branch Offices  
Boston, Philadelphia and  
San Francisco  
Export Office: 115 Broad St., New York City*



Acme—P. & A.

#### WHAT SHALL WE DO ABOUT RUSSIA?

*Secretary Stimson (right) has an idea we need to make a special study of Russian affairs. Washington expects one of the assistant secretaries to head the job—but for the present it is being handled by Allen T. Klots, personal assistant to the Secretary of State*

## Large and Small Nations Show Faith in Soviet's Credit

### England, Germany, and Italy Lead In Guaranteeing Payments on Russian Orders

EUROPEAN NEWS BUREAU—The countries of Europe are falling into 2 new classifications: those which encourage trade with Russia, and those which do not.

Germany, Great Britain, and Italy are leaders in the first group. France and Belgium lead the second, with Roumania and Jugoslavia the only other important adherents.

*The Business Week's* European field staff has completed a summary review of trade relations with Russia, sees interesting trends in the smaller countries.

#### Fat Shortage in Russia

Germany is making rapid strides in developing Soviet-German trade, won \$19.3 millions of Russian orders in December, \$13.2 millions in January. Monthly Soviet orders placed in Berlin surpassed \$10 millions only once in 1928, 3 times in 1929. Steel products and machine tools made up the bulk of the growing business, but critics emphasize the purchase of 5,300 tons of margarine costing \$900,000, as proof of the fat shortage in Russia.

Germany believes in reciprocal trade, finds it profitable to make large purchases of Russian eggs, furs, casings, hemp, asbestos, manganese ore, and oil. Purchases from Moscow in January to-

taled \$10.3 millions, compared with \$7.7 millions in December, and \$14.4 millions in January, 1929. The trade balance favored Russia 4 years out of the last 6.

#### Norway Guarantees 70%

Norway offers government guarantees to cover 70% of the outstanding credit on Soviet orders placed with Norwegian firms. The most significant order which Russia has placed in Norway recently is for 9½ to 11½ thousand tons of aluminum wire and bars valued at \$4 millions. Europe is interested because the aluminum companies winning the contract include both members of the European Aluminum Cartel and the independent Norsk Aluminum Co., Norwegian subsidiary of Aluminium, Ltd. France is interested because heretofore Russia's aluminum requirements have been covered in France, and because the Russian agents in this case bargained for better prices in France, despite the determination to boycott French industry. Credit officially is extended for only 9 months, though it is believed eventually it will be extended to 18, in line with recent Soviet purchases of zinc in Upper Silesia.

Information concerning Soviet-Italian business leaks out slowly. Beyond the

promise of \$10½ millions in Italian government guarantees (*The Business Week*, Aug. 20, 1930), it is generally understood that credit on the \$2,730,000 being spent on ships extends over 52 months, 12 months on automobiles and automobile parts, 9 months on metals and fertilizers, and from 18 to 36 months on machinery orders. More than a 75% guarantee has been refused by the government on the grounds that beyond 75% the price is profit and so is no risk to the manufacturer.

#### Czech Trade Advances

Soviet-Czech trade showed the largest advance last year, totaled between \$12½ and \$14½ millions. Official orders were placed with Berg and Huetengesellschaft, in Wittkowitz. The last, placed recently, calls for the purchase of 350,000 tons of iron and manganese ore from Russia against an order from Moscow for 120,000 tons of steel bars and sheets on 18 months' credit; with the Bruenn Machine Works; and with Melichar, Umrad & Co. Important orders were placed with the Skoda works in Pilsen (largely arms and munitions), and with Sellier & Bellot.

In Poland, engineering products, zinc, factory equipment, and finished goods (including textiles) were ordered. Trade is facilitated by the fact that supplying companies obtain a rediscount by the Bank of Poland.

Because there is no possibility for rediscount, and because the government offers no credit guarantees, Russian orders to Austria have declined. The Schoeller, Boehler, and Schmidt steel companies made large sales to the Soviets, and Voigt sold factory equipment. Other purchases included machine tools, wood-working machinery, a limited number of automobiles, agricultural machinery, and some optical and mechanical instruments.

#### Only Horses from Hungary

From Hungary, only horses (mostly for breeding purposes) were ordered.

Jugoslavia refuses to sell to Russia, has few products needed by the Soviets. Peculiar circumstances affect Greco-Soviet trade. Greek exports to Russia last year totaled only \$266,422, largely currants, tobacco, olives. Absolutely no credit was extended. Greece, on the other hand, bought Russian products worth \$6,351,000, largely coal, kerosene, cement, livestock, and wheat. And the Soviets offered liberal terms to the Greek traders who took their produce. Behind it all, there is a certain friendliness on the part of Greek business due

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to 2 reasons: Greek ships annually in recent years have earned \$7 millions carrying Soviet cargoes from Black Sea ports; coal and wheat, principal imports, do not conflict with domestic production.

From Cairo comes the report that Soviet trade representatives are negotiating with the Egyptian government for the supply of Russian coal in exchange for Egypt's high grade cotton. And from Istanbul the report that Russia's Naphtha Syndicate will construct an oil base there to cost nearly \$300,000.

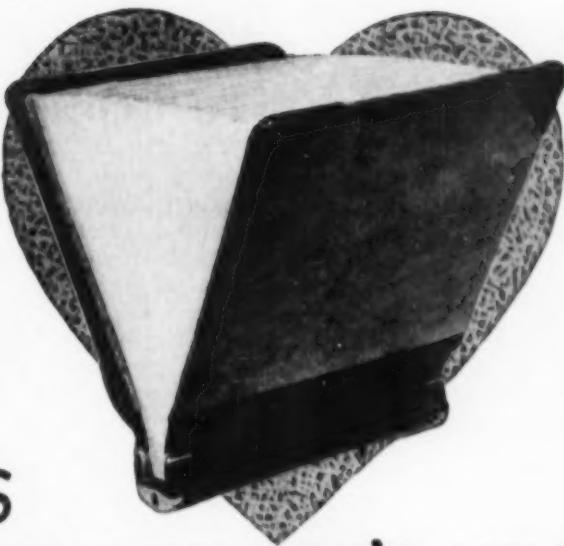
### Loomless Plastic Carpet

#### Startles Textile Industry

A NEW method of making carpets in which the centuries-old loom plays no part, which cuts production costs to a tenth and is said to result in a floor covering equal in appearance to high-grade velvets or Wiltons, was announced this week, causing the textile industry to revise its belief that, whatever its ills, it need never fear that fabric production would be taken out of the realm of established textile mills.

The new process, which is expected to make the price of carpets cheaper, uses for the pile goat-hair—among the cheaper of the animal fibers. The carpet is not constructed of warp and filling, the pile is embedded in a plastic material, and a burlap backing is cemented on it. The spinning frame, slasher, loom, have nothing to do with the making of the carpet proper. The special machine used is said to have 10 times the productive capacity of the ordinary carpet loom and permits continual fabrication at the rate of 200 square yards per hour. The method, which is used by Lea Fabrics, Inc., of Newark, N. J., is thought to be the forerunner of other important developments of a similar nature.

*Textile World*, commenting on the significance of the loomless process, says: "This new type of carpet may be taken as a symbol of the unrest which can be safely predicted for the textile industry during the next 25 or 50 years. We have no desire to become an alarmist. We see no nearby threat to our looms and other standard equipment. Textile fabric, during the next decade, will not become just one of the plastics. But we do know what engineers and chemists, working together, can accomplish. The textile industry does seem a permanent one. But is there any guarantee that the industry, as we know it today, is permanent?"



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# Canada's Parliament Must Stick To Economy and Economics

OTTAWA (Special Correspondence)—Further tariff revision, appointment of a statutory tariff board, aid to agricultural and to highway construction, closer control of national finance and purchasing, old age pensions—these are the outstanding items in the menu of economic legislation the Bennett government will ask Parliament to enact during the session now under way.

Tariff revision (*The Business Week*, March 4) will be confined to schedules of the general tariff, except for incidental modifications in the British preference to continue the existing ratio, and will bear most heavily on commodities now imported from the United States. Stipulation that fundamental changes in the preference schedules are to be avoided has in view the forthcoming adjourned Empire economic conference to be held here, which the government "confidently hopes" will result in trade agreements between various countries of the Empire.

The tariff board to be created will be radically different in its functions from the forum for debate operated for 4

years under the former Liberal administration. It will be charged with seeing that the policies determined by the government and Parliament are given proper application, that Canadian consumers are not exploited by industries benefiting by high protection.

The Bennett administration announces that it will be prepared to undertake further governmental intervention in wheat marketing should the necessity arise. If Sir Josiah Stamp, eminent British economist, can accept the Canadian invitation he probably will be made head of a commission to survey and advise upon the whole problem. But the threat of a railway strike may keep him in Britain.

The economic situation and its reflection in the national revenues—down \$90 millions from the last fiscal year—overshadows the entire legislative program for the session. Ordinary financial estimates are being cut to the bone, and measures included in the ministry's general plan of national development will be carried out in curtailed stages commensurate with the exchequer.

## Canada Takes Argentina's Wheat Out of British Bag

OTTAWA (Special Correspondence)—Argentine wheat is going to market by way of the modern grain elevator rather than the jute bag as soon as the Argentine government can carry out a plan to build a chain of 600 elevators. Canada is going to profit in the move, for a Canadian engineering firm holds the supervisory contract, and Argentine wheat released systematically from a national grain elevator system will help to steady grain prices on the world market in which Canada is an important factor.

An elevator system has been advocated for Argentina for many years. C. D. Howe, head of C. D. Howe & Co., Port Arthur, Ontario, has surveyed Argentina's needs, has advised construction of an elevator system similar to Canada's, has received the sanction of the Urriburu government. In Canada, where Mr. Howe's company built the huge terminal elevators at Prescott, head

of the St. Lawrence, the company has not done the contract work, but has provided plans and supervised construction on a commission basis. It is assumed that this method will be followed in the Argentine and that tenders will be invited for the contract work.

In Canada, the country elevators are small, have a capacity of about 50 thousand bushels, cost \$10,000. At Canadian terminal points at the head of the lakes, total elevator capacity is 90 million bushels. Terminal elevators will be the big part of the Argentine job at present, and the average capacity is likely to be about 2 or 3 million bushels. The country will require an initial capacity of at least 25 million bushels at Buenos Aires, involving the construction of between 5 and 10 elevators.

The interests of Canada, as a wheat exporter, in the more orderly marketing of the Argentine wheat crop are in conflict with Great Britain's interests as

an importer. There has been evidence in recent months, however, that the Argentine was prepared to cooperate with Canada in the promotion of orderly marketing irrespective of imperial ties.

Incidentally it is reported from London that heavy and regular cargoes of Russian wheat will arrive in Britain during the next 3 months, drastically limiting the market for Canadian wheat. Canada probably will not be able to place more than 30 million bushels in Europe between now and June.

## Canada's New Refineries End Imports of Copper

SIGNIFICANT developments which have taken place in Canadian metal production during the past year include the change in the position of refined copper from the import to the export side of the Dominion's trade balance-sheet. In the past practically all blister copper had to be shipped out of Canada for refining because facilities were inadequate at home. To fill this need a 120,000-ton refinery was opened last July at Copper Cliff, Ontario, which not only covers domestic requirements but produces enough for export.

Another large refinery is under construction at Montreal East. This is the Canadian Copper Refiners plant, a \$32-million joint enterprise of the Noranda Mines, Ltd., the British Metal Corp. of London, and the Nichols Copper Co. of New York, for handling blister copper from the Noranda smelter and the Hudson Bay Mining & Smelting Co. The refinery will have an annual capacity of 75,000 tons; its main building will be 1,040 ft. long and 264 ft. at its widest part, and will hold 444 commercial cells and 36 stripper cells. Upon completion of this plant, Canada will have a total refining capacity of 210,000 tons a year, as compared with a copper output of 150,000 tons in 1930.

### Canadian Production Up

While metal production all over the world declined last year, in Canada all the leading metals, except nickel, increased their output. Copper, despite restriction, lead, zinc, and silver established new high levels of production, though the value of output declined, while the gold output of 2,089,766 fine ounces gives Canada second place in world production if the gold production of the Philippines is deducted from the United States total. The output of lead in 1930 was 329 million pounds, against 326 millions in 1929; of zinc 260 mil-

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New York Curb Exchange	16	New York Edison Co., Waterside Station	51	New York Athletic Club	78
Central Hanover Bank	17	Tudor City	52	Doctor's Hospital	80
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lion pounds, against 197 millions; of silver 26 million ounces, against 23 millions in 1929.

Nickel, of which Canada produces 90% of the world's total, is the only major metal showing a decline last year. The outturn of 103½ million pounds compares with 110 millions in 1929, but is higher than the production of any other year. Last year's world consumption of nickel in all forms, according to the annual report of the International Nickel Co. of Canada, was 88 million pounds, against 136 millions in 1929 and 117 millions in 1928, due very largely to the sharp curtailment in automobile production.

## Bennett Is Using His Tariff Powers

OTTAWA (Special Correspondence)—The extraordinary powers taken by the government from Parliament last September for ministerial control of tariffs under the guise of anti-dumping protection are being constantly exercised. Several orders-in-council have been passed increasing protection against American imports. The latest fixes values for duty on bituminous coal. On run-of-mine coal the minimum value for duty is placed at \$1.25 a ton and on slack at \$1, with freight charges from intermediate distributing points added. The tariff is 50¢ a ton.

Another order-in-council places on the free list till Aug. 31 certain iron and steel sheets on which duties were recently raised: sheets of iron and steel, cold-rolled, when imported by manufacturers for use exclusively in the manufacture of sheets coated with tin; and also sheets, hoop, band, or strip, hot-rolled, imported for use in the production of zinc-coated materials.

## U. S. Gasoline Exports Cut Price in Canada

TWICE within a month Canadian retail gasoline prices have been slashed by Dominion refiners in an attempt to protect their markets against imports from the United States; this in spite of the recently adopted 2½¢ per gal. import tax on all motor fuel and the later addition of a dumping duty which fixed the minimum entrance cost of Pennsylvania gasoline (from which much of Canada's motor fuel derives) at 8.7¢ per U. S. gal., exclusive of transportation charges.

Excess gasoline in the United States has caused an increased flow into Canada.

# Swift Survey of Business Abroad

## EUROPE

EUROPEAN NEWS BUREAU (Radio)—There were few high spots in the week's developments, but the favorable trend distinctly has been maintained. An unmistakably better tone is gaining throughout Europe. Even Germany and the eastern states are beginning to contribute signs of improvement.

On the other hand, after 6 weeks of sustained advance, it is reasonable to expect that any period of consolidation will be attended by irregularities, as was manifested in the slight recession in non-ferrous metals during last week. Tin alone turned strong in midweek. Copper demand is largely unfilled and readiness to cover is evident, but buyers are holding out for 10¢ metal.

Textiles continue their leadership in the industrial advance. Manchester and Lancashire actually are beginning to speak of a "boom" as buying continues to broaden. India particularly is coming strongly into the market. European demand has buoyed cotton prices, which declined in the United States. Wool is very active. Several countries report leather manufacturing on the increase. Iron and steel, until now lagging while consumer industries registered their first gains, are beginning to stir. Contrary

to expectations, the improvement is especially noticeable in England. It is significant, in appraising prospects, to note that the Continental steel cartel has continued production quotas unchanged for the second quarter, despite the fact quotas were not realized in the last 3 quarters.

Gradual relaxation of German capital stringency, and strength of the Reichsmark have continued, were features on the money exchange markets during the week. Sterling reached a new high against francs. South African gold is again being taken up by the Bank of England. Belgium was the only Continental buyer during the week.

February foreign trade duplicated the disappointing January volumes. Even March figures may show little change. Current reports of stronger world inquiry and, in some cases, actual sales indicate that April will show tangible expansion. The stronger position of silver is important in this connection.

Crux of the European financial situation, now focussing on capital redistribution, is largely the attitude of the French investor. It is he who controls Europe's largest accumulation of idle funds. But today he is a doubter. He mistrusts foreign investments. He is

depressed by the downward trend of French business. He is inclined to hoard rather than to invest. The final underwriting of the Roumanian loan, of which a French consortium took the lion's share, will be a test. It may mark the beginning of the dispersion of French capital congestion; it may only show the investor will not support the bond issues advocated by French bankers.

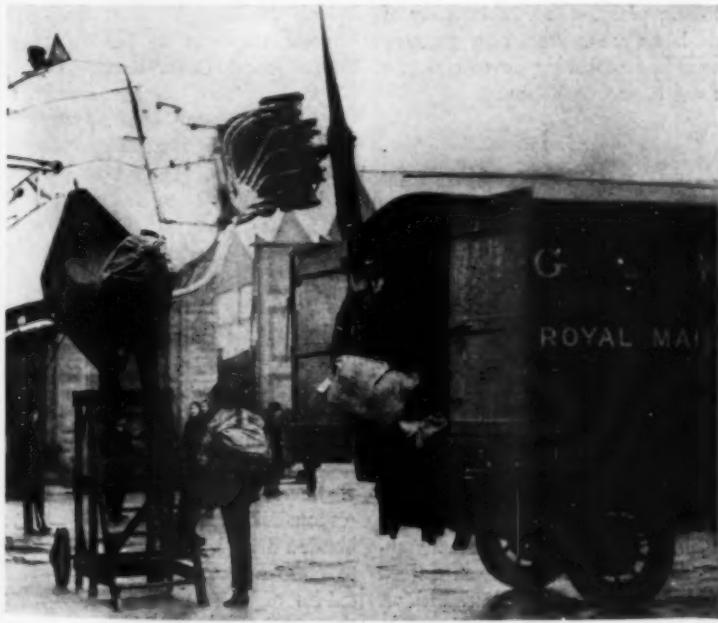
There is also a serious question of whether England will be able to contribute capital as extensively as formerly. The disintegration of Britain's economic position has seriously reduced, if not actually vitiated, the customary favorable balance of payments. Meanwhile, financial activities in Europe are characterized by exceptionally wide internationalization.

The third tariff truce conference has proved to be another stalemate and will probably vote an indefinite adjournment. No wholesale denunciation of tariff treaties after April 1 is likely, even if the whole Geneva tariff tieup collapses. It is not without significance that the motion of adjournment was made by Great Britain. With each week, Britain appears to be moving nearer the abandonment of the traditional policy of free trade and the adoption of tariffs, whether the Labor government stands or falls. The issue is becoming less and less "a tariff" and more and more "what tariffs, and for what purpose." So far, there is a combination of purposes—tariffs to deflate real wages which are incompressible by direct methods; tariffs for revenue; tariffs as an instrument for Empire preferences in a closed economic consolidation; tariffs for outright protectionism.

## Demand for Tariff Spreads in Britain

LONDON (Radio)—Markets are quieter but the tone is good. Due to tax collections, money is tight. Oil shares were down on advice from America, but bettered on the news there will be no more cuts of crude. The declared illegality of Russo-Chinese negotiations, flaunted a week ago from Moscow and Shanghai, was another bullish factor.

The country is becoming strongly "tariff conscious." Newest urge comes from the powerful Federation of British Industries, which is demanding protection. In an address this week, Sir Josiah Stamp, chairman of the great



LONDON TO CAPE TOWN

Britain's newest Empire airline, planned to connect London and Cape Town, actually reaches, for the present, only to Mwanza, on Lake Victoria Nyanza. From there, 5,114 miles southeast of London, mail will be distributed to all parts of Africa. The entire route will be ready by summer

London, Midland & Scottish Railway, and director of the Bank of England, advocated "tariff for revenue." Chancellor Snowden is ill, but it is rumored he contemplates a revenue tariff as the feature of the April budget. Probable basis: 15% tariff on all manufactures, some foods, certain raw materials. Economist Keynes' estimate that this tariff will produce \$375 millions is exaggerated; \$150 millions is a more likely figure.

The City reacted favorably to the news that the Bank of England for the first time in 12 months had bought gold on the free market. Newspaper rumors that the Stock Exchange will be open on Saturday are semi-officially denied.

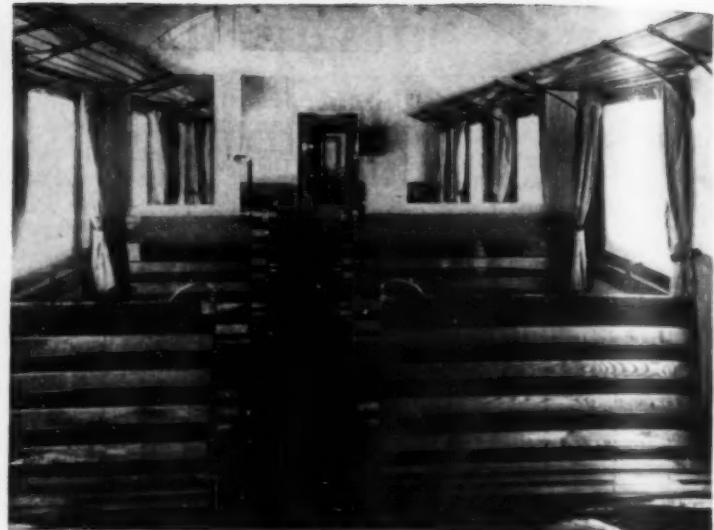
### Textiles Boom

Wool and textiles are booming on heavy seasonal demand. Nearly every vestige of local gloom in Lancashire gone. Cottons are more active; stocks are reduced. Silver touched the year's high; pulled itself 2½d above the Feb. 9 all-time low. Chief factors governing the improvement: Indian import duty of only 2 annas against 4 expected in the Irwin-Gandhi agreement; improvement in the Chinese money market.

South Wales miners—some already on strike—want an immediate general stoppage to protest the recent wage award, but the conference with owners has adjourned till Monday to permit further consideration. The increase in the unemployed by 57,000 during the week is due largely to these coal stoppages. Actually, the position is improving. A new government survey of the areas where the jobless are most numerous is being undertaken for the purpose of aiding absorption of the workless in new industries.

The new London traffic control bill continues the British tendency to achieve semi-state control by monopoly of private capital interests. The measure sets up a public transport board of 5 persons, not members of Parliament. It is the duty of this board to take over and manage all street cars, buses, tubes, and other strictly suburban railways operating within 25 miles of London. State control is thus only indirect, similar to the control over broadcasting and the electric supply. It is questioned whether efficiency can be maintained by a board with no profit urge; otherwise there are no complaints. Financial, labor, and user interests are well protected.

Unemployment figures still fluctuate, but during February signs of a decrease became apparent. Returning confidence of traders is causing reabsorption of



NEW CARS FOR SWEDEN

*The 3rd class compartment in one of the 20 all steel cars put into service on the Stockholm-Gothenburg electrified line. The State Railways also operate 2,000 bus lines 4 times the length of the railways*

white collar men, and efforts to found new industries begin to bear fruit. As an example, a new Lancashire industrial development council has been organized with the object of attracting new enterprises. Plans for a big campaign to encourage localization of scattered new industries, with an appeal to the Chancellor to favor these when budgeting, are reported. Trade union restrictions, plus the lack of liquidity of British labor, thus are being partially overcome by establishing alternative new industries in old communities.

### Business in France Can't Stem Tide of Depression

**PARIS (Radio)**—Business is losing ground. Industrial activity is steadily contracting. Rail traffic, measured in receipts, oscillates between 9% and 11% below that of a year ago. Registered unemployment increased another 10% this week. The threatened coal strike has been postponed to the end of the month, pending outcome of negotiations between miners and owners under the auspices of Premier Laval.

Wholesale values for February reversed their previous trend, registered slight declines in several classifications. Import prices, contrariwise, are turning up, reflect economic improvement abroad. Retail prices, despite a few reductions and widespread clearance sales, still are rising.

The Chamber has passed the highest

budget bill in history though the current year is closing with a heavy deficit, with highly unfavorable economic prospects. Hopes for a reduction of swollen expenditure now rest with the Senate, but increased taxation, or an increase in public debt (probably both), appears inevitable for 1932.

Money continues plethoric, is not yet affected by the incipient outflow of French capital. Whether the French investor responds to pending eastern Europe bond issues remains open to question. The strong advance of Dawes and Young bonds, however, is one encouraging symptom of strengthening confidence in foreign securities. The Paris Bourse remains soggy. Local factors are adverse. Prominent companies face financial difficulties. The old stock exchange taxes, removed only last year, may be reinstated.

Compagnie Générale Aéropostale's financial difficulties (*The Business Week*, March 18) are not settled, but the government has voted a credit of \$3½ millions to make it possible for the company to continue operations. However, the government disclaims any responsibility for the \$20 million bonded debt, leaves the 3 banks (forced to close because of the financial difficulties of Aéropostale) to worry over their unlucky holdings.

Government finances are in an unhealthy state, are adding to the many difficulties already facing business. The deficit in the current fiscal year is estimated at \$90 millions. The new budget

balanced at \$2,030 millions, highest in history. Even at this exorbitant figure, it fails to include numerous expenditures which the government must meet. For some unaccountable reason, higher revenues are estimated from sources on which returns are already dwindling. In view of present unfavorable conditions, next year's deficit may run to several hundred millions. Alternatives: scale down expenditures; increase the already too-heavy tax burden.

Proposed tax increases (with reason a source of worry to business) 10% increase in the 2% sales tax; 20% increase in stamp taxes; 10% increase in income taxes; return of the tax on the exchange of stock. Recourse to fresh borrowing appears inevitable, will add to the huge government debt of \$20 billions.

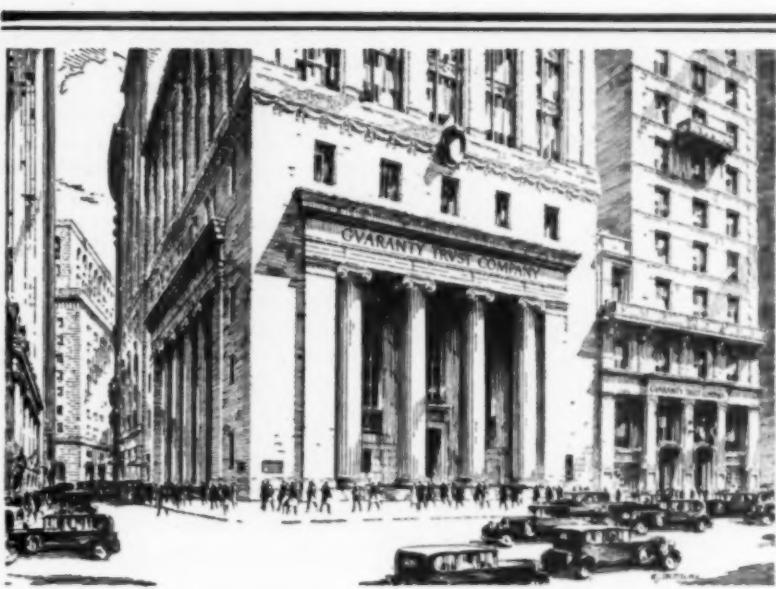
It is too much to say that Poincaré's great achievement in stabilizing French finances in 1926 has been undone. It can be said that the first treasury surpluses resulting from it have been effectively dissipated. At the present rate of expenditure, it appears beyond the capacity of the country to sustain this stability. If expenditures mount, it is no mere hypothetical prospect that a new economic and fiscal crisis will develop.

### Return of Foreign Capital Cheers German Business

BERLIN (Cable)—Growing confidence is unmistakable, is supported by the continuously firm tone of the stock and bond markets; by well maintained February exports with the prospect of big Soviet orders; by evidence of greater foreign confidence in German business and politics, combined with the beginning of repatriation of German capital; by seasonal improvement in the automobile, agricultural machinery, and textile trades; by the outlook for a 6 months' political holiday after April 1.

Matters of disappointment: further decline in coal and steel output; drop in department stores sales (in January they were 10% below last year). Main handicap to business upturn: paralysis of the building market, more than other industries dependent on public finance for capital supply.

The approaching end of the Reichstag session at the end of March is a great relief to business. The main stumbling block in the budget debate—appropriation for cruiser B—happily was removed to the committee stage when the Socialists abstained from a vote, thus securing its acceptance. How-



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If you feel that Canada's policy of protection will not permit you to serve your Canadian customers as profitably or efficiently as in the past, why not locate a Canadian plant in Joliette, Quebec.

If you did so you'd have these advantages:—

Next door to Canada's metropolis (Montreal—37 miles).  
A direct rail connection with the Canadian West.  
Cheap, dependable electric power.  
Abundant low cost labor.  
(skilled and unskilled).  
Ample filtered water supply.  
Excellent housing.  
Large markets close at hand.

Joliette's progressive Civic Council and Chamber of Commerce offer the most generous co-operation to any industry deciding to locate in Eastern Canada. Write, phone or wire for further information. We have descriptive literature which will give you a complete picture of Joliette.

P. H. DESROSIERS  
Industrial Commissioner  
CITY OF JOLIETTE, P. O.  
CANADA

## Fast Timely Thorough

To press Thursday night, on its way to subscribers Friday and Saturday—*The Business Week* has set a record in periodical publishing. More important, it serves its subscribers with timely information—live, dramatic, pulsating, business NEWS; the meaning of new developments; the status of current business activity.

## THE BUSINESS WEEK

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ever, the Socialists demand compensation in the form of an increase in the income tax surcharge from 5% to 10% of the tax paid, that tax director's fees be raised from 10% to 20%. Both already have passed the Finance Committee. Although the total yield from the proposed measure is estimated at only \$10 millions yearly, the government is opposed to the proposal because of the Finance Minister's pledge for a complete cleaning up of public finance without increases in taxes on capital income. Fears are expressed that a breach of promise may frighten away slowly returning German capital. Capitalists who sold shares in the September panic are now reinvesting in German bonds.

### American Participation

Significant evidence of the renewed confidence of foreign capital is the new scheme for the purchase by private capital of the Berlin electric power station with 30% American financial participation. After withdrawal of the Sofina offer, Preag made a modified proposal jointly with the federal-owned Berline Elektrowerke (Bewag) and a banking consortium including Harris, Forbes & Co., and Henry Schroeder, of London. It is suggested that Berlin merge all stations, including Bewag, into a new company—Berliner Kraftwerke, A.G.—with capitalization of \$60 millions, consisting of \$40 millions in A shares with ordinary voting power, and \$20 millions B shares with double voting power. Of the A shares, \$20 millions are proposed to be taken over by an American syndicate headed by Harris, Forbes. The balance will be held by European and German banks. Of \$20 millions of B shares, Berlin would take \$7 millions, and Preag and Elektrowerke, each \$6½ millions.

### Germany Keeps Control

Controlling interest of the new company will remain in Germany. After paying \$66 millions of Bewag debts, Berlin gets \$50 millions in cash, and \$7 millions in shares, besides an annual royalty of \$3½ millions. The new scheme, though bringing Berlin less cash than the last Sofina offer, is likely to be given preference, since it leaves Germany in control.

Foreign trade returns for February show higher imports and exports per working day, and the end of the decline, manifest from November to January. Manufactured exports rose to \$4 millions, resuming the upward movement interrupted in November. The balance

still is favorable, with \$10 million export surplus.

Ratification of the Polish-German trade treaty is probable either in the Reichstag or by decree after adjournment. Ratification, if completed, will be made despite the protests of mine owners who fear a new import contingent which, however, is only 3% of present German coal consumption. The Reichstag has vetoed the Reichstag resolution reestablishing an import contingent on frozen meat. The incident is closed, since there is no two-thirds majority in the Reichstag to reverse the veto.

Following the voluntary adoption of the 5-day week in the cigarette industry and AEG, the general council of Socialist trade unions has demanded compulsory introduction of the 40-hour week. Herr Stegerwald, Minister of Labor, emphasized in the budget debate that the government still is anxious to avoid compulsion but if voluntary efforts to reduce unemployment through shorter hours fail, the government, though reluctantly, will be forced to take action. In spite of the resolution passed by the Reichstag urging the government to bring in a bill introducing the 5-day week, it is improbable that



GRANVILLE O. WOODARD

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## Political Calm Aids

### Latin American Business

THE business tone in all Latin America has improved. Continued small imports and heavy exports have improved Argentine exchange, created better business sentiment. Brazil's situation, still serious, is improved by the established dollar collections through the Banco do Brasil, and by heavy coffee shipments. Peru, after reviewing unfavorably half a dozen governments, seems to have settled on one, may begin now to work for business recovery. Colombia continues with the legislation program promised by Dr. Olaya, and likely to create favorable conditions soon for foreign.

Though there is small strictly business interest in President Hoover's visit to Porto Rico and the Virgin Islands, it is expected that the focussing of world interest on the islands will indirectly benefit trade.

## Brisk Business Marks

### Japanese Revival

JAPANESE securities and commodities moved this week in the briskest trading of the year. Kanegafuchi Spinning Mill shares showed the best gain since the middle of February. Cotton yarn advanced 6 points, against a rise in cotton of scarcely 1 point. Raw silk sold a full point up, at 69.50. Chief factors in recovery: cheap money; recovery of silver.

The unfavorable movement of yen exchange is attributed to the fact that bankers and trust companies are buying securities (chiefly Japanese government bonds) in London and New York. Purchases since the first of the year have totaled nearly \$50 millions.

**ZINC COATED & COPPER COATED**  
**Thomas Strip**  
**COLD ROLLED STRIP STEEL**

**SPEEDS PRODUCTION**

**IMPROVES PRODUCTS**

**REDUCES COSTS**

**BUILDING**

**APPLIANCES**

**RADIO**

**IN DESIGNING** new products or redesigning old ones, many manufacturers of wide diversification, after careful consideration to the production and sales advantages of Thomas Strip are now using this material in the fabrication of their products.

So many and varied are the manufacturing saving and product improvement possibilities thru the use of Thomas Strip that investigation of the advantages to be gained by application of this material to your products may provide quick solution to your particular production, sales or cost problem.

## THE THOMAS STEEL CO. WARREN - OHIO

Headquarters for Specialized Production Cold Rolled Strip Steel

To business executives who are analyzing their production with a view to meeting modern merchandising needs, the services of the Thomas Steel organization, specialized in strip steel uses, are available without obligation.



## A BALANCED BUDGET

Sound financial policies—Government surpluses for thirty years running—offer a sense of settled security to those establishing industries in the Province of Quebec. Let us tell you of many other advantages of the district served by this company.

Department of Development  
**The Shawinigan Water & Power Company**  
Power Building • Craig Street West  
MONTREAL, CANADA

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## WEEK BUSINESS MARKS

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The advertisement features a large circular graphic with the words "IMPROVES PRODUCTION" at the top and "PRODUCTS" at the bottom. Inside the circle, the Thomas Strip Steel logo is centered, surrounded by the text "ZINC COATED COPPER COATED" and "OILED STRIP STEEL". The circle is divided into four quadrants, each containing a small illustration and a label: "AUTOMOTIVE" (a car), "ELECTRICAL" (a power plant), "PSVS" (a person working at a desk), and "RADIO" (a radio set). To the right of the circle, a box contains the text: "Is or redesigning old or wide diversification, production and sales using this material is... manufacturing saving andities thru the use of the advantages to be erial to your products sur particular produc-". Below this box, another box contains: "To business executives who are an- alyzing their pro- duction with a view to meeting modern mer- chandising needs, the services of the Thomas Steel organization, specialized in strip steel uses, are avail- able without obli- gation."

Headquarters for Specialized Production Cold Rolled Strip Steel

STEEL CO.  
OHIO



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MONTRÉAL, CANADA

THE SERVICE WE RENDER

# VISION . . .

## *and Supervision*



Competent supervision implies a *super-vision*.

In investment of capital, it entails the ability to see the whole picture at a glance. It means stepping out of the busy bedlam of the money markets into a quiet watch-tower from which a clear perspective may be gained. It means a constant following of the story of business, industry and finance, as it is being unfolded—the ability to read the coming chapters in the light of the past ones.

To this work Moody's Investors Service has dedicated itself. Sound appraisal of true investment values, protection against capital depreciation, and a share in the legitimate growth of business and industry—these have been the aims of this organization.

Thirty years of feeling the pulse of business, of weighing the facts and figures that influence it, have resulted in a mature judgment—a *super-vision*—that is helping Moody's Investors Service to realize these aims for some eighteen thousand conservative investors and banking institutions.



**MOODY'S Weekly Letter and Consultation Service**—A moderately priced advisory service including specific recommendations of securities, review of stock and bond market, analysis of companies and industries. Used by thousands of banks and individuals.

**MOODY'S Supervisory Service**—A more personal service embracing all the features of the Weekly Letter Service, and in addition continuous supervision of the client's investment holdings by our staff of analysts and investment counselors.

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**MOODY'S Manuals**—Five volumes, supplemented weekly; Government; Bank and Finance; Industrial; Public Utilities; Railroad, contain complete information on over 17,000 corporations and 40,000 government and municipal securities and Moody's Ratings.

*As a part of our service to investors, we have just prepared a special letter which emphasizes the unusual promise of 1931 as a time for the far-seeing, conservative, long-pull investor to accumulate, at present low prices, sound, dividend-paying common stock. Lists of about fifty typical issues are classified. This special letter will gladly be mailed on request.*

## MOODY'S INVESTORS SERVICE

JOHN MOODY, President

65 BROADWAY

NEW YORK CITY

## Scrap-Iron Dealers Outline 5-Year Plan

THE scrap-iron industry, under the guidance of its youthful "czar," Benjamin Schwartz, has drawn up a 5-year stabilization program.

Purposes, outlined at the March 10-12 convention of the Scrap and Steel Institute in Cleveland are:

(1) To combat that direct buying of scrap by steel makers which threatens the very existence of the scrap-iron middleman. As evidence of the fact that the steel industry realizes that the loss of an open market would prove costly in the end, scrap dealers cite the American Iron and Steel Institute's appointment of a committee to confer on the subject with their own organization; note the "big names" on the committee: James A. Farrell, president of U. S. Steel; Eugene G. Grace, president of Bethlehem Steel; S. E. Block, chairman of Inland Steel.

### Too Many Yards

(2) To see if something can be done about merging some of the country's 3,000 scrap-iron yards employing 50,000 men, collecting waste from 150,000 junk dealers supplying over 30 million tons of scrap for the manufacture of iron and steel products. Costly equipment is lying idle in many cities because of the surplus of yards.

(3) To organize an export association under the Webb-Pomerene Act to promote trade with the Orient and Central Europe, where shortage of iron ore calls for a 75% to 80% use of scrap in steel manufacture compared with 50% in this country.

In addition, the stabilization plan proposes promotion work in the United States, an intensive advertising campaign, research on technical problems, a search for new markets.

### Industry Growing

The scrap-iron industry has grown amazingly since the war with steel mills spending \$495 millions for over 36 million tons of scrap in 1929 compared with \$672 millions for 41 million tons of pig iron.

The projected campaign to scrap 3 million automobiles annually, instead of the usual 500,000, is expected to give a big boost to the scrap-iron industry. Scrap dealers say that its success would bring in 1½ million tons of iron and steel for remelting, and would save 7½ million tons of iron ore, coal, and limestone now used in the manufacture of new steel.

# What the Figures Show

WHILE January and February brought little more than seasonal improvement in business activity, March promises a little more encouragement, particularly in the building industry, while the steel industry continues to expand operations at a moderate but steady rate. The report of a slight increase in employment in manufacturing industries during February accompanied by a 7.5% rise in payroll disbursements over January is gratifying, even though the increase represents largely seasonal influences. The foreign trade figures for February reveal the lowest totals for any month of the past eleven years. *The Business Week* index of general business activity has risen somewhat above the low levels of February and stands at 81.1% of normal compared with 79.7% the preceding week. A year ago, activity was still at a high level, 95.2% of normal according to our index, though the spring rise was not sustained, but waned rapidly after midsummer.

## Steel's Expansion

The steel industry has shown a continuous expansion since the first of the year when ingot production was at little more than a third of the industry's capacity. For the week ending March 16, a gain of 2½% occurred over the previous week, bringing activity to over 56% of capacity, according to Dow, Jones. Our adjusted index rose to 67% of normal compared with 66% the preceding week. This spurt was due chiefly to the group of independent producers catering to the needs of the automotive industry.

According to the *Iron Age*, steel expansion, while not spectacular, promises to continue under pressure of demand from the automotive and construction industries. As pointed out last week, February automobile production showed an increase of 29% over January. The first quarter production now suggests an output of some 700,000 units, an increase of approximately 50% over the low record of 461,411 in the last quarter of 1930. While this increase is regarded as satisfactory for the season, it represents a decline of 35% from the comparable period of 1930 and 40% from the average first quarter production of the past six years. February registrations thus far reported show a favorable upward tendency. General Motors Corp. reports sales to customers and dealers during February on the increase, though sales to dealers were

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY.....	Latest Week	Preceding Week	Year Ago
	*81.1	†79.7	95.2
<b>Production</b>			
Steel Mill Operation (% capacity).....	56	54	74
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis).....	\$12,840	\$11,711	\$16,334
Bituminous Coal (daily average, 1,000 tons).....	*1,281	†1,264	1,428
Petroleum (daily average, 1,000 bbls.).....	2,191	2,157	2,583
Total Electric Power (millions K. W. H.).....	1,664	1,651	1,723
<b>Trade</b>			
Car Loadings (daily average, all classes, 1,000 cars).....	121	122	146
Check Payments (outside N. Y. City, millions).....	\$4,087	\$5,273	\$5,294
Money in Circulation (daily average, millions).....	\$4,587	\$4,601	\$4,535
Wheat Receipts (1,000 bushels).....	9,376	7,443	5,276
Cotton Receipts (1,000 bales).....	152	149	104
Cattle Receipts (1,000 head).....	*134	†128	169
Hog Receipts (1,000 head).....	*408	†487	499
Wool Receipts (1,000 lbs.).....	3,382	4,446	2,569
<b>Prices (Average for the Week)</b>			
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$ .70	\$ .70	\$1.00
Cotton (middling, New York, lb.).....	\$ .108	\$ .112	\$ .145
Iron and Steel ("Steel" composite, ton).....	\$31.71	\$31.61	\$34.89
Copper (electrolytic, lb.) f. o. b. refinery.....	\$0.098	\$0.100	\$0.178
All Commodities (Fisher's Index, 1926-100).....	76.0	76.0	90.9
<b>Finance</b>			
Total Loans and Discounts, Federal Reserve reporting member banks (millions).....	\$15,377	\$15,441	\$16,704
Commercial Loans, Federal Reserve reporting member banks (millions).....	\$8,117	\$8,168	\$8,821
Brokers' Loans, New York Federal Reserve member banks (millions).....	\$1,913	\$1,819	\$3,841
Federal Reserve System Ratio.....	84.3	83.3	82.5
Stocks Sold (N. Y. Stock Exchange, 1,000 shares) N. Y. Times.....	14,377	17,441	20,435
Stock Prices (N. Y. Times, average 50 stocks).....	\$162.06	\$162.55	\$226.34
Bonds Sold (N. Y. Stock Exchange, par value, thousands).....	\$54,623	\$55,591	\$74,964
Bond Prices (Dow, Jones, average 40 bonds).....	\$96.54	\$96.53	\$94.79
Interest Rates—Call Loans (daily average).....	1.7	1.5	3.9
Interest Rates—Time Loans (daily average).....	2-2½	2-2½	4-4½
Business Failures (Dun, number).....	565	614	560

\*Preliminary      †Revised

somewhat in excess of sales to retail customers.

Construction activity also promises to be an outlet for steel, with public works and utilities contracts appearing in considerable volume. Structural steel inquiries have totalled 696,500 tons this year against 288,000 in the same period of 1930 and 464,300 in 1929.

Railroad buying of locomotives is at a low point, but the Pennsylvania Railroad is reported in the market for 240 electric locomotives for its New York to Washington electrification program.

Building construction for the first half of March shows a gain on a daily aver-

age basis of 45% over February, with marked strength in the group public works and utilities, which formed about 41% of all contracts awarded. Our adjusted index based on the past four weeks has risen sharply during the past two weeks and stands at 75% of normal for the period ending March 13 against 72% the preceding week and 67% three weeks ago. Contracts totalled over \$186 millions for the first 12 days of March compared with \$235 millions for the whole month of February. Residential construction, while forming only a fourth of all contracts awarded, showed nearly a 12% increase over February

on a daily average basis, while non-residential contracts increased almost 48%. Compared with March, 1930 the total volume of contracts shows an 11% lag on a daily average basis.

Bituminous coal production increased somewhat after the holiday week at the close of February, but not sufficiently to change our adjusted index which remains at 63% of normal. Soft coal production now ranks as the most sub-normal of the eight business indicators used in our combined index. The low level of activity in coal, symptomatic of mild winter and low industrial activity, has exerted a depressing influence on carloadings.

Electric power production increased slightly during the week of March 14, due to irrigation projects on the Pacific Coast rather than to any more than seasonal rise in industrial demands. Our adjusted index remains at 88% of normal.

#### Car Loadings Still Slow

After the holiday week of Feb. 28, the rise in car loadings was to be expected, though two groups, ore and livestock, showed some falling off, and the increase in coal loadings was light. The two divisions used in our index—miscellaneous and merchandise less-than-carloads—did not show an increase as great as expected at this season. Hence the adjusted index showed a slight decline from 74% of normal to 73%. Total loadings for the first ten weeks of 1931 are 18% below 1930 and 24% below 1929 for comparable periods.

Check payments declined as expected after the high totals of the first week of March, the decline being greatest in the nine large financial centers outside of New York City. New York debits

fell only 5% from the preceding week, while the group of 140 cities outside of New York City declined 22%. When debits of this group are adjusted and averaged with the preceding week the index shows a rise to 86% of normal compared with 84% the preceding week.

Treasury financing has undoubtedly influenced the debit figures to some extent the past two weeks, while next week will show further effects.

Currency in circulation declined after the first of the month spurt, which is a normal trend. Our adjusted index remains at 109% of normal. The volume of money in circulation remains above that of 1930 in spite of the decreased demands on currency occasioned by lower prices and smaller payrolls.

#### Commodity Prices

Commodity prices still reflect uncertainty, with present levels largely untested in the face of slack demand. Steel producers, eager to make upward revisions of quotations to compensate for the present unprofitable rate of operations, have made only slight and uncertain headway. Most wire makers are said to have adopted advanced quotations for the second quarter, while Carnegie Steel has announced higher rates for all bar, shapes and plate orders after April 1. Our composite steel price shows the first rise since early in January.

Copper markets continued quiet, with some confusion concerning prices. Domestic level is now 10¢ delivered, while the export price is somewhat out of line at present and thus discouraging to foreign buyers. There have been some encouraging signs of a better movement of copper into consumption channels, as calls against existing

#### The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.

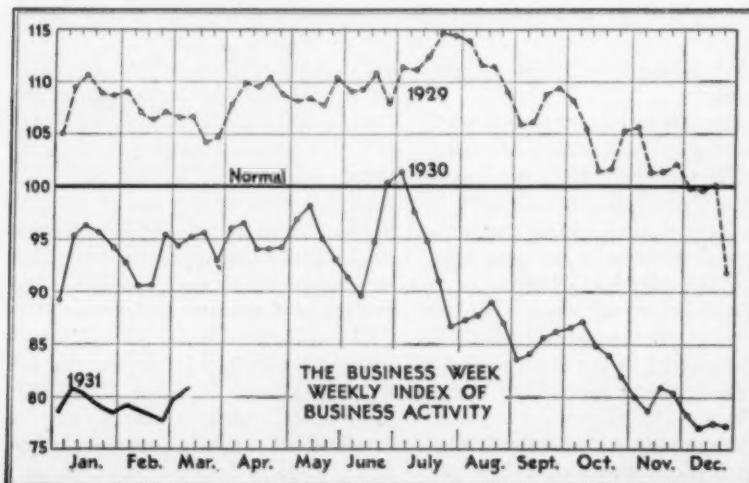
contracts have improved. Lead and zinc were steady, but markets dull. Silver reached the year's top during the week, at the expense of short interests, but fell off again.

Wheat markets have been largely bearish, with exports still small. Cotton prices have also weakened in the past two weeks. February exports were greater in quantity than a year ago, but their value was 34% less. The decline of 20,000 bales during February compared with January in cotton consumed by manufacturing plants in the United States was due to the short month, and was not indicative of curtailed operations.

#### Commercial Loans

Commercial loans appear to follow the trend of 1930 rather than the customary upward curve of February and March. In dollar volume, loans are now at the level prevailing in the spring of 1925, though the wholesale price level is much below that of six years ago. Our adjusted index has declined to 109% of normal as a result of the failure of the usual seasonal expansion. The decline in security loans as well caused a \$64 million drop in total loans and discounts.

Commercial failures approached the 1930 level for the second time this year, but the total number is still high. February insolvency figures indicate that the largest increases over a year ago in both number and liabilities occurred in the trading group. Liabilities involved in manufacturing industries were also substantially greater than in 1930.



# Money and the Market

STOCK price movements this week indicate that the buyer is cocking a very canny and evaluating eye at business movements, that selectivity is increasingly the rule, and that, if present business indications hold, those not so canny are going to be left with the sack.

The market moves, too, looked sounder than for some weeks. Sales volume continues small and the emphasis is on stocks of companies which seem to be the most favored by business news. This is in sharp contrast with the rapid movements in highly speculative issues which marked the ill-fated manipulated February rise in prices. And there is marked evidence that the better informed or shrewder individuals are getting out of issues whose outlook is poor.

A selected group of industrials and most of the utilities were firm to strong during this week's sessions. The continuing favorable outlook of the utilities and their freedom from dividend cuts is ample reason for the movement in that section.

## Industrials Advance

In the industrial field business news continued to record an, at least, seasonal advance, in some contrast to the weakening of a year ago. Thus, automobile figures were interpreted optimistically and General Motors was strong. A steel price increase, news of some very heavy orders and good activity reports helped U. S. Steel and other firms in this line. Several other of the old tried and tested market leaders showed strength.

Time will prove whether this is justified, but certainly it reflects more con-

sideration than has been shown for some time for the actual condition of business from which earnings—the ultimate test—must come.

Rail stocks, on the other hand, were weak, continuing the trend of recent weeks. The news of and the outlook for rail earnings continues bad. A miscellaneous list of industrials whose present activity is not very profitable and whose outlook is not good or certain, shared the drop with the rails.

## Bond Market Firm

The bond market was firm to slightly recessionary. New-issue volume continued large (over \$70 millions), though well below last week. The heavy amount of new issues which the market is called upon to absorb is entirely likely to result not infrequently in temporary recessions, as noted elsewhere in this issue. Municipals took more than half of the week's total offerings, with utilities next.

The brokers' loan report, telling how the market is being financed, showed an increase of \$94 millions, the largest weekly increase in a long period. A large inflow of funds from the New York banks accounted for the increase, and permitted other groups to withdraw funds.

This rapid rise in brokers' loans is conclusive evidence of a not entirely favorable situation in both the stock and bond markets. It comes partly from loans on unsold bonds, though the extent of this cannot be determined. Partly, it is evidence that those with foresight into the business picture are getting out of issues whose outlook is

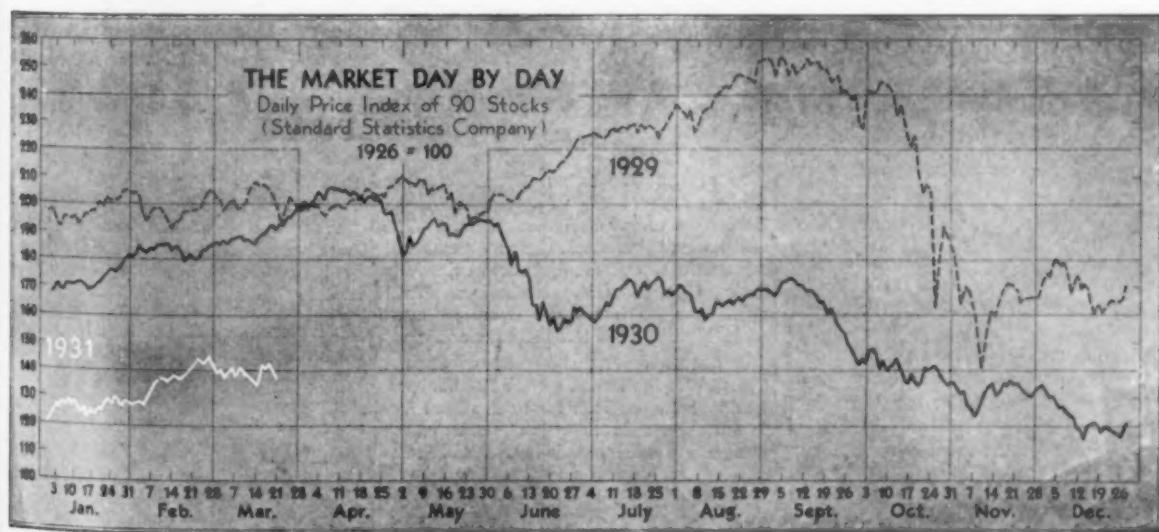
not good, putting them into the hands of less shrewd would-be operators.

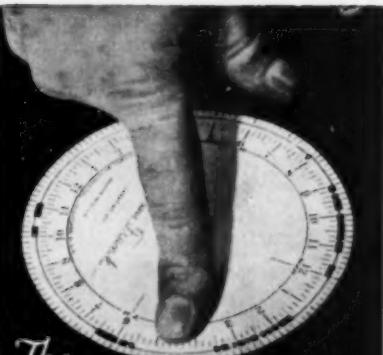
The money market showed little change despite completion of the huge March Treasury operation. Treasury and Federal Reserve technique in preventing money market disturbance is improving, and hardly a flurry resulted from income tax payments, issuance of new securities and the replacing of those retired. The Treasury took advantage of the March maturities to take care of its sinking fund needs, held in abeyance because government securities have been at a premium.

Early reports from the March income tax payments and bonus loans indicate that later figures will carry unfavorable news. General Hines now believes the veterans will take \$200 millions to \$300 millions more money than the \$400 millions he originally estimated they would borrow before June 30, end of the government's fiscal year. And Treasury officials are letting out hints that the income tax payments are likely to be less ample than earlier expected. All of which points to a larger than estimated (\$500 millions) deficit for the Treasury June 30.

Federal Reserve bank credit showed a considerable decline, an important factor in which was increase in monetary gold stock, partly from imports, and a decline in the amount held under earmark. Most important is the further decline in member bank borrowings, definitely favoring continued easy money and perhaps more liberal lending, most marked outside of New York City.

Report that the February acceptance total outstanding was almost unchanged against a usual seasonal decline at this period shows continued use of short-term financing.





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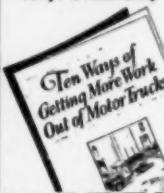
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#### THE SERVIS RECORDER

"Keeps Trucks Busy"



## Letters

### For and By India

India Tea Bureau  
New York City

To the Editor:

We found the article "Tea Flavor Safe Another Year" which appeared in your issue of March 11 exceedingly interesting. But may we call your attention to an error in the last paragraph on page 34. In reference to the funds used by this bureau, you print, "Our trend toward black tea is enthusiastically encouraged by the India Tea Bureau, organized in 1928, supported entirely by the industry of Ceylon and India."

This is incorrect, as our funds are derived entirely from a cess tax per pound imposed by the Government of India on all tea produced in that country. Our campaign, therefore, is supported by India alone.

Very truly yours,

A. W. MACCREANOR,  
Marketing & Merchandising Counselor

A "cess" tax, philological relative of "assessment," is in India a tax for a special object—in this case, promotion of Indian, not Ceylon, tea sales.

### Hog Eat Whale

Ocean Products and Supply Corporation  
Camden, New Jersey

To the Editor:

We read with a great deal of interest your March 11 article on the effect of whaling in the South Atlantic and Antarctic Oceans upon the hog industry in Iowa. However, we believe that your source of information was not complete. It is true that after Sir Hubert Wilkins reported the great amount of whales along the Antarctic Continent, the Norwegians went into the business in a large way; \$500 millions of profit have been taken in the last 10 years. It is not true, however, that the supply is inexhaustible.

A cod fish will spawn from 3 to 4 million eggs a year. If a female whale gives birth to one young one in every 2 years, it is a good average. With the new ways of catching them, even to the using of aeroplanes, and the very great increase of whale hunters,

there is grave fear that the supply will be decimated. As a matter of fact, the government of the Falkland Islands, which has control of the South Shetlands and South Georgias whaling stations, is greatly concerned, and is getting ready to recommend that an international agreement be made somewhat similar to our agreement regarding the fur seals of the Pacific Coast, so that the whale will not be exterminated. One of the large boats has been found to take many thousands of whales per year.

It is also true, and happily so, that a method has been found to take the smell and taste from the whale oil, so that it can be used as a human food. This has some effect on the hog industry in Iowa. However, the farmers are just beginning to be informed of the fact that fish meal is at their disposal. This industry is new in this country, although Germany and other Northern European countries have used fish meal for a number of years. The farmer in Iowa, although he may suffer something from a while on whale competition, can get fish meal in large quantities at a reasonable price, and raise larger hogs in less time, and at a considerable less cost than ever before. This is one of the recompenses of the situation.

Yours very truly,  
A. LISTON TOWNSEND  
President

Whale restriction plans, referred to by Mr. Townsend, were outlined on page 6 of the March 18 issue of *The Business Week*.

### Across the Line

Bridgeport Chamber of Commerce  
Bridgeport, Conn.

To the Editor:

In the picture showing C. L. Cummins beside his Diesel-powered car his home address is shown on the car as "Columbus, Ind."

Your statement under the picture is to the effect that he drove his racer from Columbus, Ohio, to Daytona, Fla.

Which?

JOHN A. KIMBER.

Columbus, Indiana, Mr. Kimber, and thank you.

### Wide Reading

INSTALMENT SELLING THROUGH THE DEPRESSION. Milan V. Ayres. *American Bankers Association Journal*, March. The last year has demonstrated that defaults and repossessions do not increase excessively during a period of sluggish business. Total retail sales on time payments are estimated at \$6 billions, \$2.6 billions outstanding.

A BALANCE WHEEL OF WORLD CREDIT. Gates W. McGarrah. *Nation's Business*, March. How the Bank for International Settlements proposes to relieve world money stringency, encourage industry, and commerce.

IS ADVERTISING GOING "ENTERTAINMENT"? H. E. Lesan. *Printers' Ink*, March

12. Will successful advertising have to eliminate frank advertising in radio programs? Will people first endure, then embrace, sponsored motion pictures in theaters? Will magazine and newspaper advertising have to "go story"?

TESTIMONIALS. C. O. D. Alva Johnson. *Outlook*, March 18. Mrs. Longworth got \$5000, Mrs. Biddle \$500, for an endorsement. Editor Kendall won a prize because he campaigned against paid testimonials.

OIL ABROAD. *Fortune*, March. Walter Teagle, foreign competitors in world markets. Standard of New Jersey, and Socony—with excellent illustrations.

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THE "ECONOMIES" OF THE PROPOSED RAILROAD CONSOLIDATION. Edward Hungerford. *Public Utilities Fortnightly*, March 19. "Consolidation, of itself, will effect few, if any, operating economies; neither will it relieve the unemployment situation by giving work to more men." Real progress will be made by individual railroads as units, but merging offers no panacea.

WHAT PLANNING MIGHT DO. George Soule. *New Republic*, March 11. A setup for organized national economy with more wisely planned investments, a national system of labor exchanges, geographical planning.

USING THE LATIN AMERICAN AIR MAIL TO BUILD BUSINESS. Gardner Harding. *Printer's Ink*, March 5. An American manufacturer, by sending samples by air mail, was able to steal a march on a British competitor. Air mail to Latin America is becoming a commonplace in many export offices.

HARD TIMES AND HARD FACTS. Mauritz A. Hallgren. *Nation*, March 11. How 127 mayors in 35 states answer 5 important questions covering unemployment, wage rates, relief, construction.

RUSSIA—THE INDUSTRIAL LABORATORY. Sam A. Lewisohn. *Political Science Quarterly*, March. Both management and labor behave very much the same under non-private profits as under a private profit system. There can be a "labor problem" where there is no conflict between capital and labor.

SILVER. H. Parker Willis. *New Republic*, March 11. Causes and consequences of the depression in its value; proposed remedies.

THE RETAILING PLANS WE NEED. Fred Lazarus, Jr. *Nation's Business*, March. New schemes for getting goods to customers.

THE RELATION OF SOVIET RUSSIA TO THE WORLD COTTON MARKET. Stephen J. Kennedy. *Textile World*, March 7. Instead of importing \$50 millions of American cotton, Russia is likely to become a heavy exporter.

## BOOKS

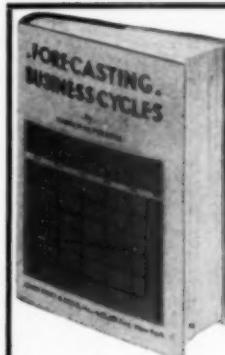
ECONOMIC POWER FOR CANADA. J. Alex Akin. Macmillan, 265 pp., \$2. "It should be a salient feature of Canadian policy to produce more in Canada of what is now imported from the United States." Factual study of Canada's economic position.

RATIONALIZATION OF GERMAN INDUSTRY. National Industrial Conference Board, 182 pp., \$3. The industrial structure of German industry from the point of view of production and distribution and the extent to which German industrialists are free to compete or combine without interference on the part of the state.

ORGANIZATION ENGINEERING. Henry S. Dennison. McGraw-Hill, 204 pp., \$2. Review of principal factors of successful organization management. Includes a survey of important human characteristics, practical methods for getting human cooperation, principles of organization structure.

EDUCATION FOR BUSINESS MANAGEMENT. James A. Bowie. Oxford University Press, 200 pp., 8s, 6d. University of Manchester's experience with an attempt to provide specific training for young men aspiring to responsible industrial positions.

SOVIET FOREIGN TRADE. Budish and Shipman. Liveright, 269 pp., \$2. Facts concerning the major commodities imported into the United States from Russia.



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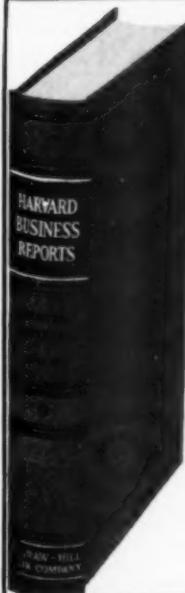
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# THE BUSINESS WEEK

*The Journal of Business News and Interpretation*

March 25, 1931

## Soloist's Swan-Song

THE more one ponders the problems of business planning the more complex and perplexing they appear. At the very outset one runs head on into the question of competition versus cooperation. The planning of business progress as implied in the "Platform for American Business" is impossible on a solo basis, though each individual concern has to do its part. Those who think of planning merely as a matter of shrewd strategy in outwitting competitors and capturing markets from somebody else by individual ingenuity are living in the past. Careful study of markets, development of new products and production methods, constant effort toward cost reduction are all indispensable parts of individual company policy; but planning must be built on a broader basis if business is to mitigate or cure the competitive chaos which led to the present economic crisis and which so urgently invites planning from the top down, by governmental compulsion. The fact that by such ingenuity or aggressiveness individual concerns escape or even prosper in depression is no more convincing evidence against the need of cooperative effort in planning than is the fact that some people escape typhoid epidemics an argument against public sanitation.

To all but the shallower, bally-hoo type of business thinking it has become evident that the ultimate fortunes of the individual concern are linked with the broader forces of economic and social change which are moulding the future of the whole industry, the economic region, the nation of which it is a part. Individual prudence or skill may temporarily evade or outmaneuver these pervasive influences, but ultimately only cooperative planning and coordinated action within each industry, each region, and each country can successfully cope with their consequences.

The older, basic industries, agriculture, coal, textiles, building, transportation; the older economic regions like New England and New York; the oldest industrial country, Britain, are cases in point. In each the individual enterprise, whether now or then better or worse off than others, is compelled in its planning to take account of the general factors and forces making for change.

The natural nucleus in which such cooperative planning and coordinated action may be centered is the national trade organization. Some sort of such exists in every major industry except agriculture; and in the latter the government has had to create one, with the Farm Board as a general staff and with cheap government funds and special legal privileges as encouragement. This outstanding exception is itself suggestive of the obstacles and weaknesses of cooperative effort and coordinated action in industry. Every constructive step taken by other industry on its own initiative toward cooperation and coordination has encountered not only the weakness of excessive individualism within it, but also the obstacle of an archaic governmental policy embodied in the anti-trust laws and their interpretation. So far, the price exacted for every attempt to overcome the weakness and remove the obstacle has been increased governmental supervision. Until this is done, however, individual effort toward planning business progress will prove largely futile because it will resolve itself into more or less successful scheming on the part of each concern to keep afloat in the competitive chaos.

Still the task is not altogether hopeless. As will be seen, there are steps to be taken by the trade organizations which offer an encouraging approach to this important problem of cooperative planning and coordinated action, without inviting greater governmental control.

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